

CBRE VALUATION & ADVISORY SERVICES

# APPRAISAL REPORT

50 BRIAR HOLLOW LN  
HOUSTON, TEXAS 77027  
CBRE FILE NO. CB22US064848-1

CLIENT: INTERNATIONAL BANK OF COMMERCE (IBC  
BANK)

**CBRE**

POPLABS 00061

VALUATION & ADVISORY SERVICES



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Date of Report: June 22, 2022

Ms. Uroosa Ashfaq  
INTERNATIONAL BANK OF COMMERCE (IBC BANK)  
5615 Kirby Drive  
Houston, Texas 77265

RE: Appraisal of: 50 Briar Hollow Ln  
Houston, Harris County, Texas 77027  
CBRE, Inc. File No. CB22US064848-1

Dear Ms. Ashfaq:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject property are two adjacent mostly vacant (15% occupancy) office buildings that are proposed to be converted to a 204-unit multi-family mid/high rise property located at 50 Briar Hollow Ln in Houston, Texas. It should be noted that the property owner will gradually move the existing tenants out within the next 3-4 months making the property completely vacant. The property will consist of two apartment buildings with one of the buildings being seven stories and the other being six stories. The improvements are situated on a 3.17-acre site. CBRE is estimating a 92.0% stabilized occupancy level (including a 1.00% credit loss). The developer has a planned opening on December 10, 2024. The renovation timeline indicates an 30-month period to the delivery of the last apartment units.

The following prospective values reflects an annual overall property value increase during the construction period which is estimated to be 30 months. As such, the hypothetical as if stabilized value as of June 10, 2022 was trended 3.0% per annum for 30 months to conclude to the Prospective Value As Stabilized. Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

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<b>MARKET VALUE CONCLUSION</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Land Value	Fee Simple Estate	June 10, 2022	\$20,200,000
As-Is (Office Building)	Leased Fee Interest	June 10, 2022	\$28,000,000
Hypothetical As If Stabilized - Proposed	Leased Fee Interest	June 10, 2022	\$56,100,000
Prospective As Stabilized - Proposed	Leased Fee Interest	December 10, 2024	\$60,400,000
Compiled by CBRE			

***Prospective Value Note:*** The prospective value provided above reflects an annual property escalation during the construction period. CBRE has escalated the hypothetical as if stabilized value 3% of a period of 30 months.

<b>SUMMARY OF PROSPECTIVE VALUE CONCLUSIONS</b>	
As Stabilized On December 10, 2024	(Current Value Escalated at 3.0% for 30 Months)
Income Capitalization Approach	\$60,400,000
Reconciled Value	\$60,400,000
Compiled by CBRE	

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

June 22, 2022

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It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



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Steve Lewis, MAI  
First Vice President  
Texas Certification No. 1320509-G

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## Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Texas.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, Steve Lewis, MAI and Bruce Bailey, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.
10. Steve Lewis, MAI has but Bruce Bailey, MAI has not made a personal inspection of the property that is the subject of this report.
11. Sami Resendez has provided significant real property appraisal assistance to the persons signing this report.
12. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
13. Steve Lewis, MAI and Bruce Bailey, MAI have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding agreement to perform this assignment.



Steve Lewis, MAI

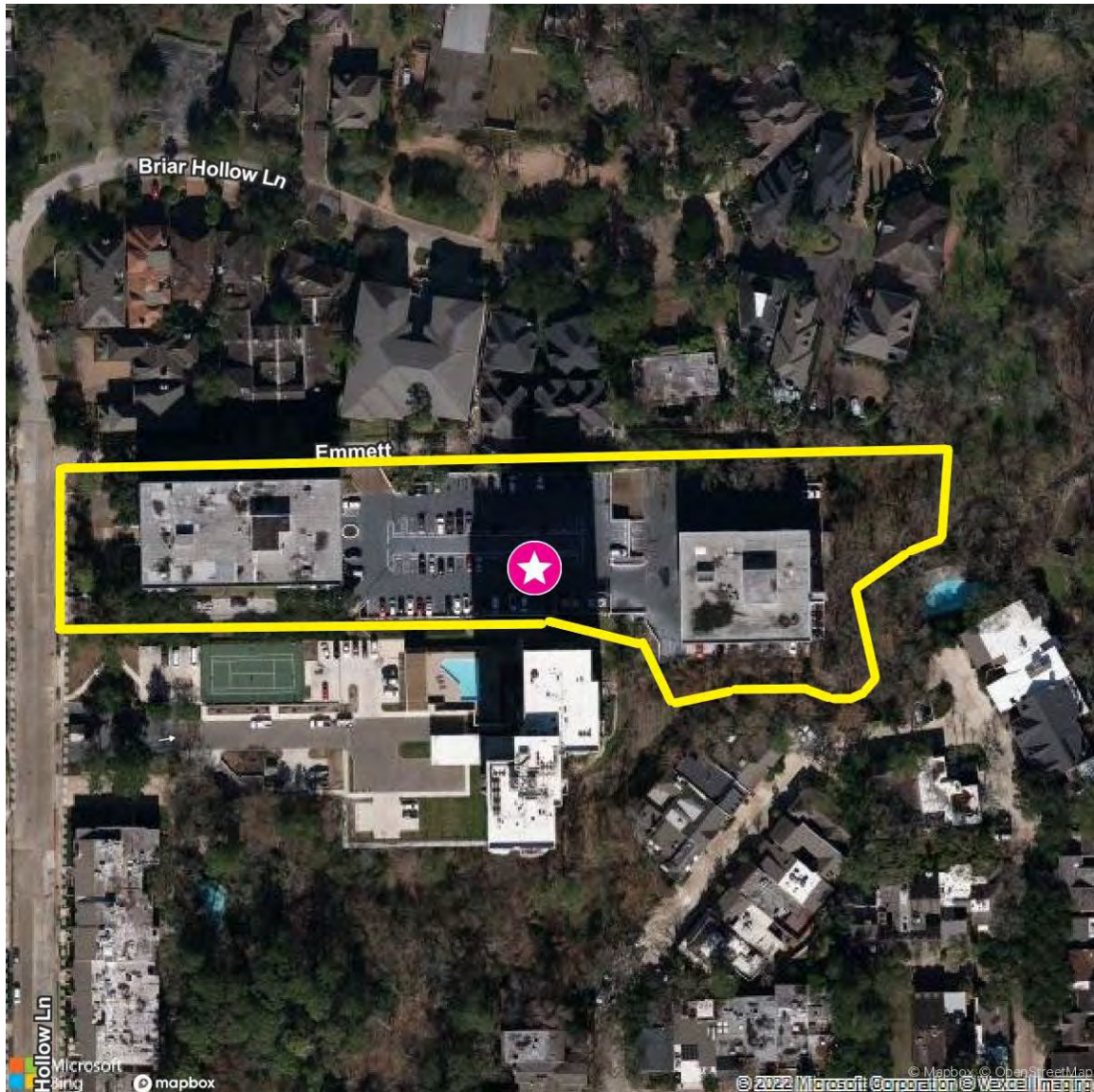
Texas Certification No. 1320509-G \_



Bruce Bailey, MAI

Texas Certification No. 1321412-G \_

## Subject Photographs



Aerial View





Subject Exterior



Subject Exterior



Subject Exterior



Subject Interior



Subject Interior



Subject Interior



Subject Interior



Subject Interior



Subject Frontage- Briar Hollow Lane



Subject Frontage- Briar Hollow Lane

## Executive Summary

Property Name	50 Briar Hollow Ln		
Location	50 Briar Hollow Ln Houston, Harris County, TX 77027		
Parcel Number(s)	045-140-002-0105		
Client	International Bank of Commerce (IBC Bank)		
Highest and Best Use			
As If Vacant	Mixed Use		
As Improved	Mixed Use		
Property Rights Appraised	Leased Fee Interest		
Date of Inspection	June 10, 2022		
Estimated Exposure Time	2 - 3 Months		
Estimated Marketing Time	3 - 4 Months		
Primary Land Area	3.17 AC	138,085 SF	
Zoning	None		
Improvements		Comments	
Property Type	Multifamily	(Multifamily Mid/High Rise )	
Number of Buildings	2		
Number of Stories	6-7		
Gross Building Area	199,677 SF		
Net Rentable Area	181,750 SF		
Number of Units	204		
Average Unit Size	891 SF		
Year Built	1988		
Effective Age	10 (After Renovation)		
Condition	New		
Buyer Profile	Investor-Regional		
Financial Indicators			
Stabilized Occupancy	93.0%		
Stabilized Credit Loss	1.0%		
Overall Capitalization Rate	4.25%		



<b>Pro Forma Proposed</b>		<b>Total</b>	<b>Per Unit</b>
Effective Gross Income		\$4,906,628	\$24,052
Operating Expenses		\$2,521,166	\$12,359
Expense Ratio		51.38%	
Net Operating Income		\$2,385,462	\$11,693
<b>VALUATION</b>		<b>Total</b>	<b>Per Unit</b>
Land Value		\$20,230,000	\$99,167
<b>Market Value As Is On (Office)</b>	<b>June 10, 2022</b>		
Sales Comparison Approach		\$28,000,000	\$137,255
<b>Hypothetical Market Value As If Stabilized On</b>	<b>June 10, 2022</b>		
Sales Comparison Approach		\$56,000,000	\$274,510
Income Capitalization Approach		\$56,100,000	\$275,000
<b>Prospective Market Value As Stabilized On</b>	<b>December 10, 2024</b>		
Income Capitalization Approach		\$60,400,000	\$296,078
Insurable Value		\$19,900,000	\$97,549

<b>CONCLUDED MARKET VALUE</b>			
<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Value</b>
Land Value	Fee Simple Estate	June 10, 2022	\$20,230,000
As-Is (Office Building)	Leased Fee Interest	June 10, 2022	\$28,000,000
Hypothetical As If Complete - Proposed	Leased Fee Interest	June 10, 2022	\$56,100,000
Hypothetical As If Stabilized - Proposed	Leased Fee Interest	June 10, 2022	\$56,100,000
Prospective As Stabilized - Proposed	Leased Fee Interest	December 10, 2024	\$60,400,000
Compiled by CBRE			

**Prospective Value Note:** The prospective value provided above reflects a 3.0% annual property escalation during the construction and lease-up period of 30 months total.

## STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

### Strengths/ Opportunities

- Once complete, the subject will represent a Class A- project with Class A- amenities.
- The subject is located in Houston's Upper Kirby/ Galleria area, which is a desirable investment market due to its growing population and strong job growth.
- Positive household population projections are forecasted for the neighborhood.

### Weaknesses/ Threats

- The risk associated with lease up and stabilization.
- The Houston submarket has seen an abundance of new apartment construction over the last few years, with more projected.
- The subject is an older property requiring continuous maintenance and upkeep.
- Limited barriers to entry with no zoning in Houston.
- Borrowing costs have increased (increased interest rates/spreads and a generally more conservative lending environment) and there is some uncertainty as to the timing and magnitude of additional future interest rate increases. CBRE expects a federal funds rate range of 2.75% to 3.00% by the end of 2022 and peak in 2023 at 3.25% to 3.50%. Tightening credit markets will continue to drive adjustment in the commercial real estate

investment markets in the near term with potential impacts on capitalization rates and investment demand.

- Inflation and related uncertainty can be a headwind for real estate, with impacts varying by property type. CBRE Research projects inflation to remain elevated in 2022 but slow thereafter.

### Market Volatility

We draw your attention to the fact that a combination of global inflationary pressures (leading to higher interest rates) and the recent geopolitical events in Ukraine, in addition to the on-going effects of the global Covid-19 pandemic in some markets, has heightened the potential for greater volatility in property markets over the short-to-medium term. Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility and any lending or investment decisions should reflect this heightened level of volatility.

Please note that the conclusions set out in this report are valid as of the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how market participants respond to current events.

### Current Economic Conditions

The following is provided by CBRE Research as of June 2022.

- In response to persistently high inflation that reached a 40-year high in May, the Federal Reserve raised the federal funds rate by 75 basis points (bps) on June 15th, 2022 to a range of 1.50% to 1.75%. This was the biggest rate hike since 1994.
- The Fed raised its outlook for core inflation (Core PCE), which excludes food and energy, to 4.3% and lowered its GDP growth forecast to 1.7%.
- With elevated inflation expected to persist, the Fed likely will continue to focus on easing price pressures, with the potential for increases of at least 50 bps at its next two meetings in July and September.
- The Fed will reduce its \$8.9 trillion balance sheet by \$47.5 billion per month beginning this month. The reduction in Treasury securities, agency debt and agency mortgage-backed securities will increase to \$95 billion per month in September.
- CBRE expects economic activity will slow but that a recession is unlikely this year. Amid slower growth and high inflation, CBRE forecasts the federal funds rate will peak at 3.5% in 2023.
- Volatility in the credit markets is causing issues for investors, but activity in the commercial real estate markets has remained resilient as sellers expedite dispositions. However, we expect higher rates and slower growth will weigh on activity as the year goes on.

The following table summarizes the CBRE Research House View as of Q2 2022:

	2022	2023	2024 - 2028
<b>Fed Funds Rate</b>	2.75% to 3.00%	3.25% to 3.50%	1.50% to 1.75%
<b>10-Year Treasury</b>	3.20%	2.70%	2.90%

Lower economic growth should still support continued strong commercial real estate fundamentals this year. Tightening in credit markets will continue to drive adjustment in the commercial real estate investment markets in the near term. Amid this uncertain and dynamic environment, investment market performance will be uneven with investors favoring high-quality assets in liquid or high-performing markets. We anticipate this to be the case across property types as investors look to lower risk.

### EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup>

- The values assume the development will be fully entitled and permitted for the construction of the improvements as described herein. It is assumed there will be no delays in acquiring necessary permits and approvals for government agencies. Further, it is assumed the project will be completed on time and within budget, in accordance with the plans provided, commensurate with competing properties in the area.
- The estimates of building sizes and number of units used in this report are based on the data provided by the developer and are assumed to be correct. The final estimate of value is subject to change if the construction of the property is found to be different from what was reported to be built.
- The appraisal includes a prospective opinion of market value at the completion and stabilization of the property. As such, the prospective value is based on forward-looking projections that are based on current market indications and typical underwriting witnessed by market participants as of the effective date.
- CBRE assumes the subject property will be converted with good quality workmanship and labor commensurate with a final product that is competitive with nearby class A and A-apartment properties.

The use of these extraordinary assumptions may have affected the assignment results.

### HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purposes of analysis.”<sup>2</sup>

<sup>1</sup> The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2022)*

<sup>2</sup> The Appraisal Foundation, *USPAP, 2020-2021 (Effective January 1, 2020 through December 31, 2022)*

- CBRE has included a hypothetical as if renovated/stabilized value in this report for analysis purposes.

The use of this hypothetical condition may have affected the assignment results.

## OWNERSHIP AND PROPERTY HISTORY

OWNERSHIP SUMMARY	
Item	Current
<b>Current Ownership</b>	
Owner:	BDFI LLC
Purchase Price:	An unknown price
Transaction Date:	August-18
Sale in Last 3 Years?:	No
County/Locality Name:	Harris
<b>Pending Sale</b>	
Under Contract:	Yes
Buyer:	7C Equity Group, LLC
Contract Price:	\$28,000,000
Arm's Length:	Yes
At / Above / Below Market:	At Market
<b>Current Listing</b>	
Currently Listed For Sale:	No
Compiled by CBRE	

The property previously sold in August-18 for an unknown price. We are unaware of any additional ownership transfers of the property in the last three years. Further, the property is currently under contract to be sold for a price of \$28,000,000, with an unknown date of closure.

## EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- exposure/marketing time information from the CBRE, Inc. National Investor Survey and the PwC Real Estate Investor Survey; and
- the opinions of market participants.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA				
Investment Type	Exposure/Mktg. (Months)			
	Range			Average
Comparable Sales Data	2.0	-	2.0	2.0
<i>PwC Apartment</i>				
National Data	1.0	-	12.0	4.6
Local Market Professionals	2.0	-	4.0	3.0
CBRE Exposure Time Estimate	2 - 3 Months			
CBRE Marketing Period Estimate	3 - 4 Months			
Various Sources Compiled by CBRE				



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## Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

### INTENDED USE OF REPORT

This appraisal is to be used for financing and no other use is permitted.

### CLIENT

The client is International Bank of Commerce (IBC Bank).

### INTENDED USER OF REPORT

This appraisal is to be used by International Bank of Commerce (IBC Bank), Peter Leong and 7C Briar Hollow, LLC. No other user(s) may rely on our report unless as specifically indicated in this report.

Intended users are those who an appraiser intends will use the appraisal or review report. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users. It is important to identify intended users because an appraiser's primary responsibility regarding the use of the report's opinions and conclusions is to those users. Intended users are those parties to whom an appraiser is responsible for communicating the findings in a clear and understandable manner. They are the audience.<sup>3</sup>

### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property on an as-is, as-complete and as-stabilized basis.

### DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and

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<sup>3</sup> Appraisal Institute, The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020), 40.

knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>4</sup>

## INTEREST APPRAISED

The values estimated represent the Fee Simple Estate (Land Value) and the Leased Fee Interest (Improved Property) as defined below:

*Fee Simple Estate* - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.<sup>5</sup>

*Leased Fee Interest* - The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>6</sup>

## Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

## Extent to Which the Property is Inspected

CBRE inspected the subject site, as well as its surrounding environs on the effective date of appraisal.

## Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics

<sup>4</sup> Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

<sup>5</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015), 90.

<sup>6</sup> Dictionary of Real Estate Appraisal, 128.

- income and expense data
- comparable data

### Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

### Appraisal Assistance

Sami Resendez has provided significant real property appraisal assistance to the person signing this report including the following:

- ✓ Neighborhood Description & Analysis
- ✓ Highest & Best Use Analysis
- ✓ Research/Verification of Comps – Sales and Rents
- ✓ Sales Analysis
- ✓ Income Analysis
- ✓ Final Reconciliation

### Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	Source(s):
<b>Site Data</b>	
Size	Survey
<b>Improved Data</b>	
Building Area	Property Information provided by Rajib Batabyal with 7C Equity Group
No. Bldgs.	Survey
Parking Spaces	Property Information provided by Rajib Batabyal with 7C Equity Group
Year Built/Developed	Property Information provided by Rajib Batabyal with 7C Equity Group
<b>Economic Data</b>	
Building Costs:	Property Information provided by Rajib Batabyal with 7C Equity Group
Income Data:	Property Information provided by Rajib Batabyal with 7C Equity Group
Expense Data:	Property Information provided by Rajib Batabyal with 7C Equity Group
<b>Data Not Provided</b>	
Item 1	Title Policy
Item 2	ESA
Item 3	PCA
Compiled by CBRE	

## APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

### Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

### Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

### Income Capitalization Approach

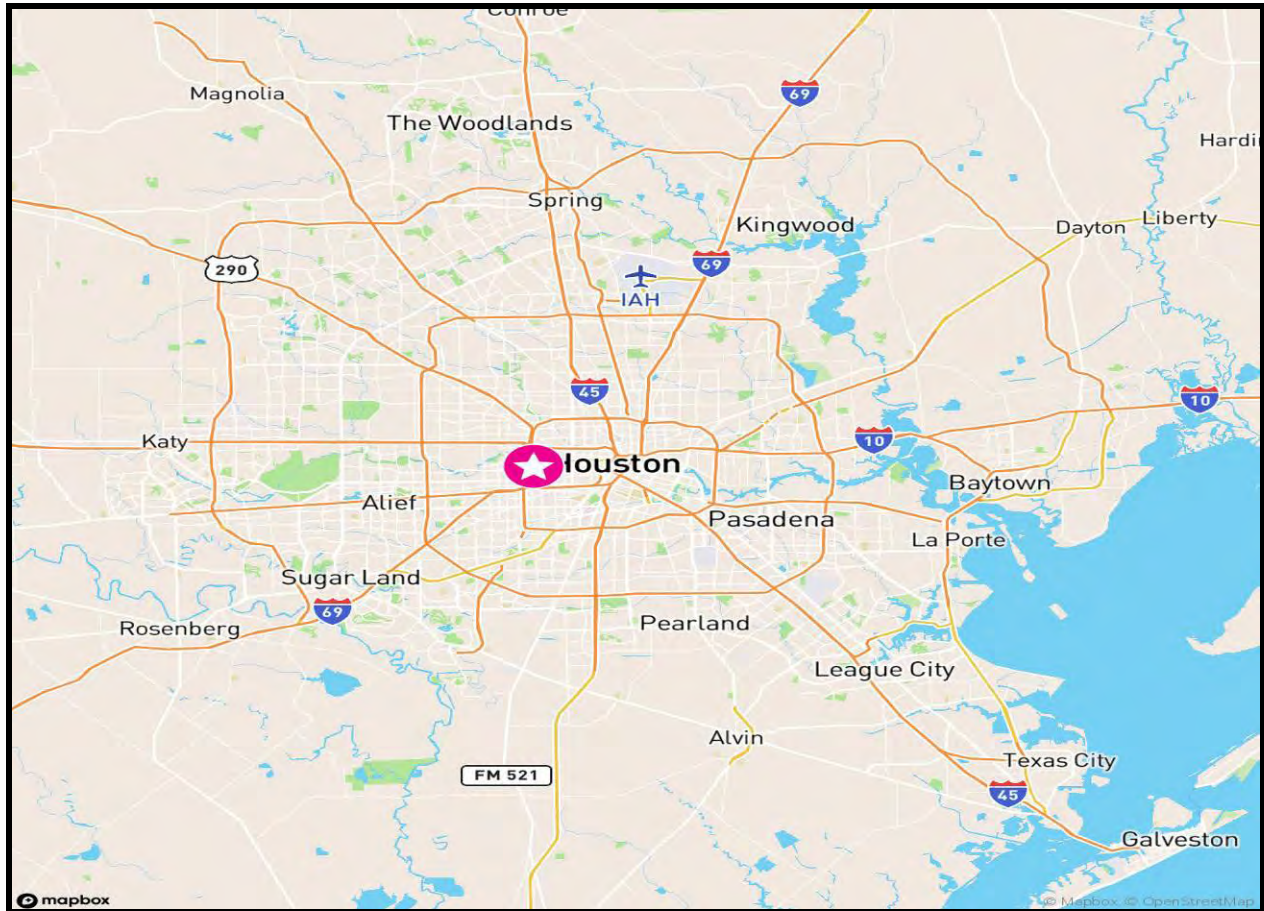
The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

### Methodology Applicable to the Subject

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. Considering the advanced age of the improvements and the difficulty in estimating accrued depreciation, and the fact that the Cost Approach is not typically considered by investors for the particular vintage and class of the subject property, the cost approach is not applicable. The exclusion of said approach is not considered to compromise the credibility of the results rendered herein. The replacement cost has been utilized within the analysis of insurable value. Additionally, CBRE has provided a valuation of the subject's land.



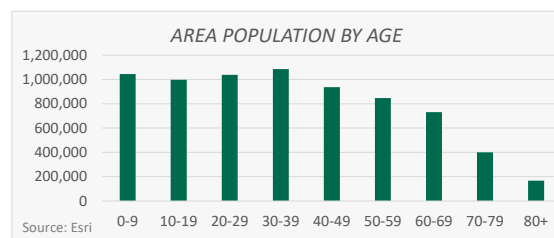
## Area Analysis



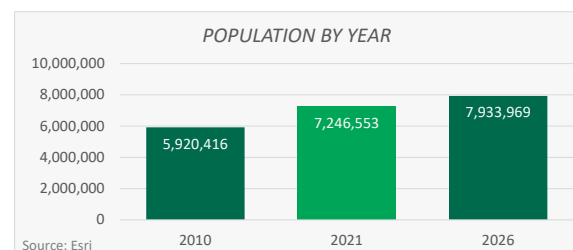
The subject is located in the Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area. Key information about the area is provided in the following tables.

### POPULATION

The area has a population of 7,246,553 and a median age of 35, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.



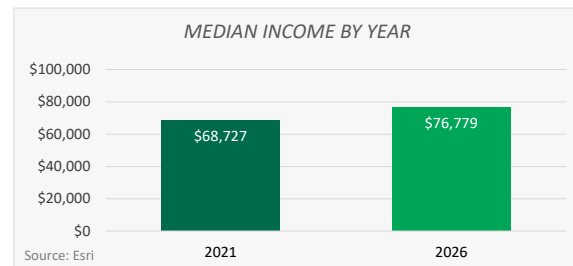
Population has increased by 1,326,137 since 2010, reflecting an annual increase of 1.9%. Population is projected to increase by an additional 687,416 by 2026, reflecting 1.8% annual population growth.



Source: ESRI, downloaded on Jun, 13 2022

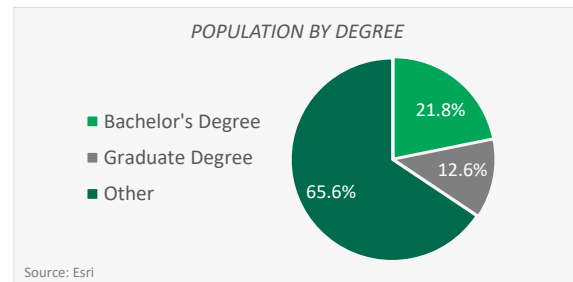
## INCOME

The area features an average household income of \$99,741 and a median household income of \$68,727. Over the next five years, median household income is expected to increase by 11.7%, or \$1,610 per annum.

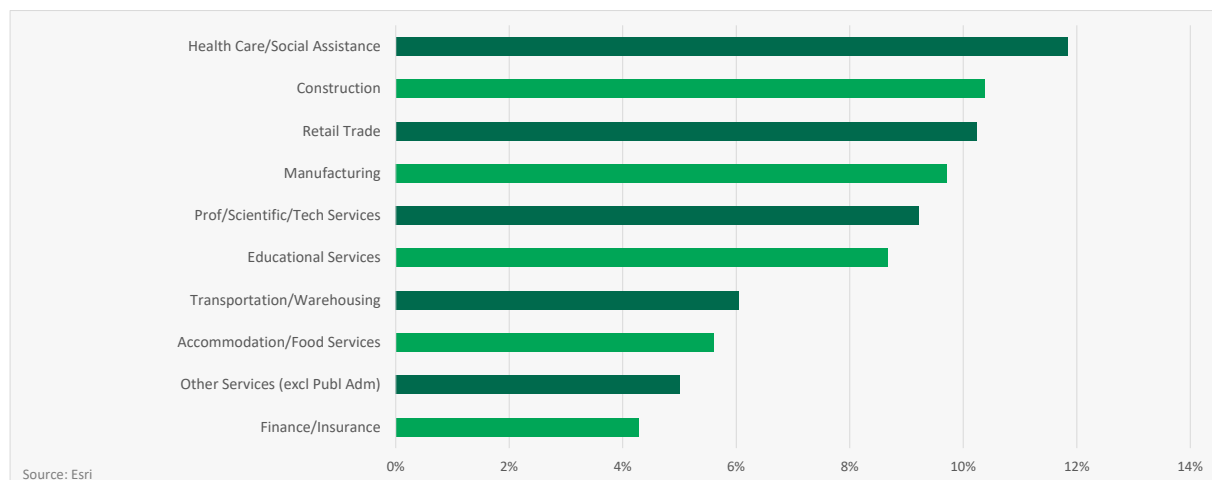


## EDUCATION

A total of 34.4% of individuals over the age of 24 have a college degree, with 21.8% holding a bachelor's degree and 12.6% holding a graduate degree.



## EMPLOYMENT

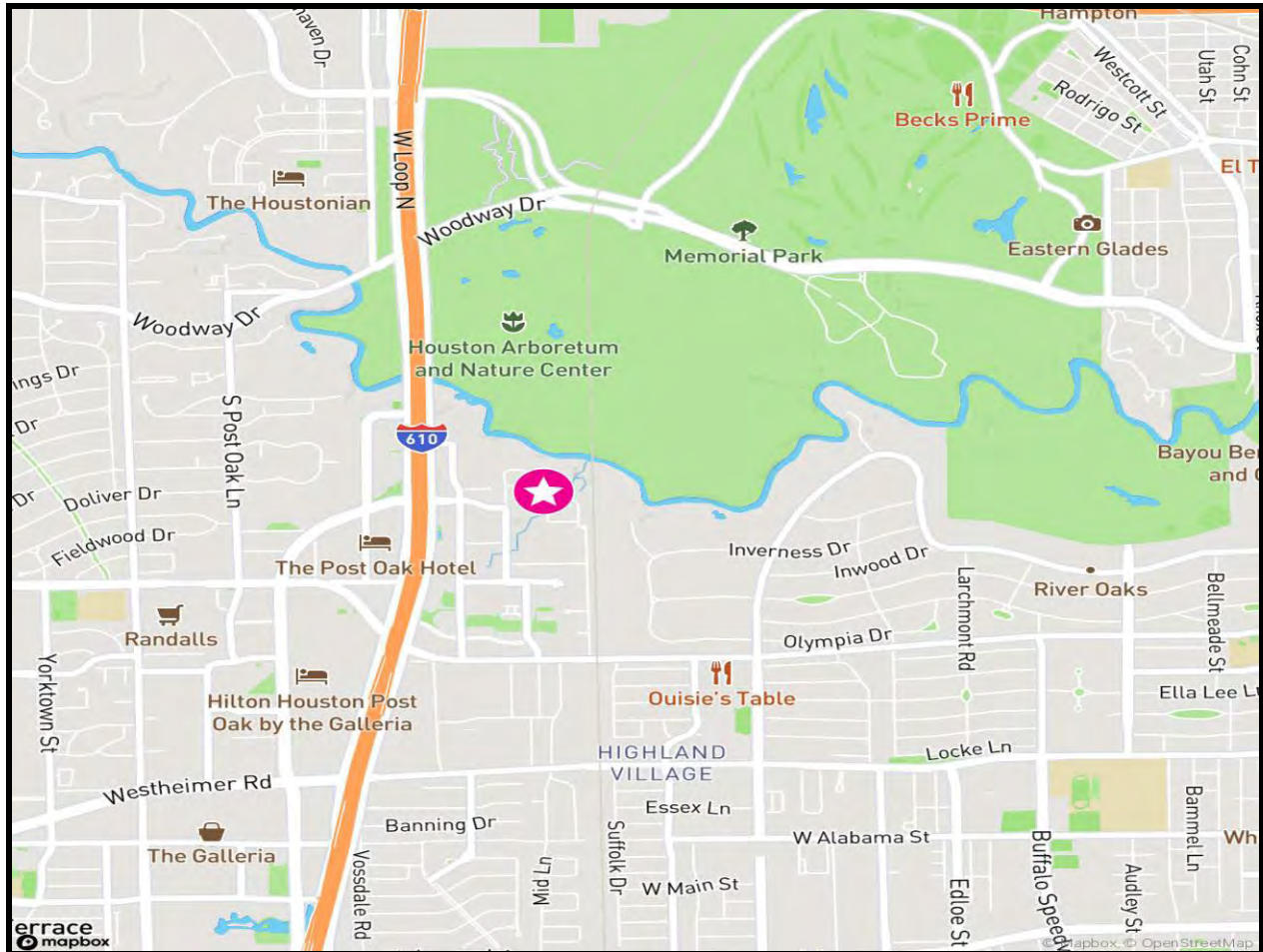


The area includes a total of 3,423,064 employees and has a 4.8% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Construction and Retail Trade, which represent a combined total of 32% of the population.

Source: ESRI, downloaded on Jun, 13 2022; Unemployment Rate Source: U.S. Bureau of Labor Statistics

In summary, the area is forecasted to experience an increase in population and an increase in household income.

## Neighborhood Analysis



### LOCATION

The subject is in the city of Houston and is considered an urban location. The city of Houston is situated in southwest Harris County, about 10 miles west from the Houston Central Business District.

### BOUNDARIES

The neighborhood boundaries are detailed as follows:

North:	Memorial Park
South:	San Felipe Street
East:	Kirby Drive
West:	Interstate 610

## LAND USE

Land uses within the subject neighborhood consist of a mixture of commercial and residential development. The immediate area surrounding the subject neighborhood consisting primarily of commercial uses and vacant land with much of the development being newer development. The majority of single-family residential development within a three-mile radius of the subject may be described as tract homes in the \$500,000-\$750,000 range. According to information obtained from ESRI, over 24% of the homes built within a three-mile radius of the subject were constructed after the 2000's.

Interstate 610 (I-610) and San Felipe Street are the two major thoroughfares in the immediate vicinity. Interstate 610 connects the surrounding Houston areas to the inner loop as it circles the inner loop, whereas San Felipe connects the area to the other neighborhoods within the inner loop to the east and west. These roadways allow the neighborhood to have access to all the major employment centers within a 15- to 60-minute drive.

## GROWTH PATTERNS

Growth patterns have occurred primarily along primary commercial thoroughfares such as Interstate 610, Interstate 10, and Interstate 69.

The major retail development closest to the neighborhood is The Galleria which is located just outside the subject neighborhood at the intersection of Loop 610 and US Highway 59. The Galleria features more than 375 fine stores and restaurants, an impressive ice rink and two Westin hotels. This world-class shopping complex showcases the best names in retailing including Neiman Marcus, Cartier, Gucci, Macy's, Tiffany & Co., Saks Fifth Avenue, The Sharper Image, Ralph Lauren Collection, Christian Dior, St. John, and Houston's only Nordstrom. With the expansion that opened in March 2003, The Galleria became the fifth largest mall in the nation highlighted by nine types of stone, suspended glass balconies, three types of wood, glass skylights, and plush leather seating. With three office towers, two hotels, 2.4 million square feet of retail space, and a variety of restaurants, The Galleria is a city within a city. The subject neighborhood is best characterized as a clustering of high density residential, with most residents working in the central Houston area. It should be noted that there is a minimal amount of vacant land available for future development within the neighborhood.

## Uptown Houston

Uptown Houston is the area commonly referred to as the Galleria, a mixture of office, retail, residential and hotel properties located along the West Loop from Richmond Avenue north to Buffalo Bayou and west to Yorktown. With more than 23 million square feet of commercial office



space, Uptown Houston represents approximately 14 percent of Houston's total office space, making it only second in terms of size to Downtown Houston. Uptown Houston is the 17th largest business center in the U.S. and compares in size to the downtowns of Seattle and Denver. Uptown Houston is home to approximately 2,000 companies, ranging from small- to large-sized commercial businesses, representing a variety of diverse industries.

With the completion of The Galleria's 700,000 square-foot expansion, Uptown Houston offers more than five million square feet of gross leasable retail space, more than any other retail destination in Houston. The Galleria is ranked the fourth largest retail complex in the country. Uptown Houston's 30 first-quality, full-service hotels comprise Houston's hotel district. It contains more than 7,000 hotel rooms, constituting more than 12 percent of Houston's 58,600 hotel rooms.

The area hosts approximately 200,000 office workers and shoppers daily and more than 22 million visitors from all over the world each year. With more than 100 restaurants and entertainment spots, Uptown Houston is a premier dining and entertainment area of Houston and offers a variety of casual, fine and family dining to meet a wide variety of tastes.

More than 30,000 people call Uptown Houston home. Uptown offers a variety of housing options including apartments, high rises, town homes and houses and accommodates a diverse group of people from CFOs of major corporations and mid-level management to administrative staff and entry level personnel. In the past 10 years, approximately 3,500 new single-family and multifamily units have been built in the area. This activity represents over \$400 million in real property valuation. Uptown Houston's home values reflect the strong demand for an Uptown address.

### Upper Kirby District

In the late 1980's, there was a neighborhood in the heart of Houston without a name, without a vision and without a feeling of community. The area was surrounded by affluent residential neighborhoods, declining commercial properties, barren streetscapes and a major corridor to other destinations. Then, in January 1988, property and business owners in the neighborhood gathered together to figure out who they were, what they wanted to look like and what they wanted to become. The result: The Upper Kirby District was created. Since then, the Upper Kirby District has branched into several organizations to achieve goals for the area. The Upper Kirby District Foundation, Harris County Improvement District #3, Tax Reinvestment Zone 19 and the combined Super Neighborhoods of Greenway Plaza, Upper Kirby, Afton Oaks and River Oaks now exist to plan and implement the many priorities of the community. In January 2002, Upper Kirby District Association reorganized to become the Houston In town Chamber of Commerce. The Chamber is designed to serve the vibrant commercial and residential areas of Midtown, the Museum District, Neartown, Upper Kirby District, Rice University/Rice village, Afton Oaks, River Oaks and Greenway Plaza. The Chamber strives to serve its members by providing opportunities for business growth and development while cultivating quality of life in the community.



### Afton Oaks

Afton Oaks is a deed-restricted Inner Loop residential community of approximately 525 homes that is now more than 50 years old. Located between the Galleria and Highland Village, the neighborhood provides close proximity to the many cultural, professional and retail centers of Houston.

### Memorial Park

Memorial Park is a green oasis in the Inner Loop area. Memorial Park, acquired in 1925, is located on both sides of Memorial Drive from Buffalo Bayou on the south to the Katy Freeway on the north. It includes an 18-hole golf course that has been redeveloped in the last five years, tennis courts, athletic fields and courts, bike paths and trails and a 3-mile jogging trail.

### ACCESS

Primary access to the subject neighborhood is provided by Loop 610. These are variable width thoroughfares that are major traffic arteries. Major surface level thoroughfares include Post Oak Boulevard, San Felipe, Westheimer and Richmond Avenue.

The commute to the Houston Central Business District is about ten to fifteen minutes. The drive to George Bush Intercontinental Airport is about thirty minutes.

**DEMOGRAPHICS**

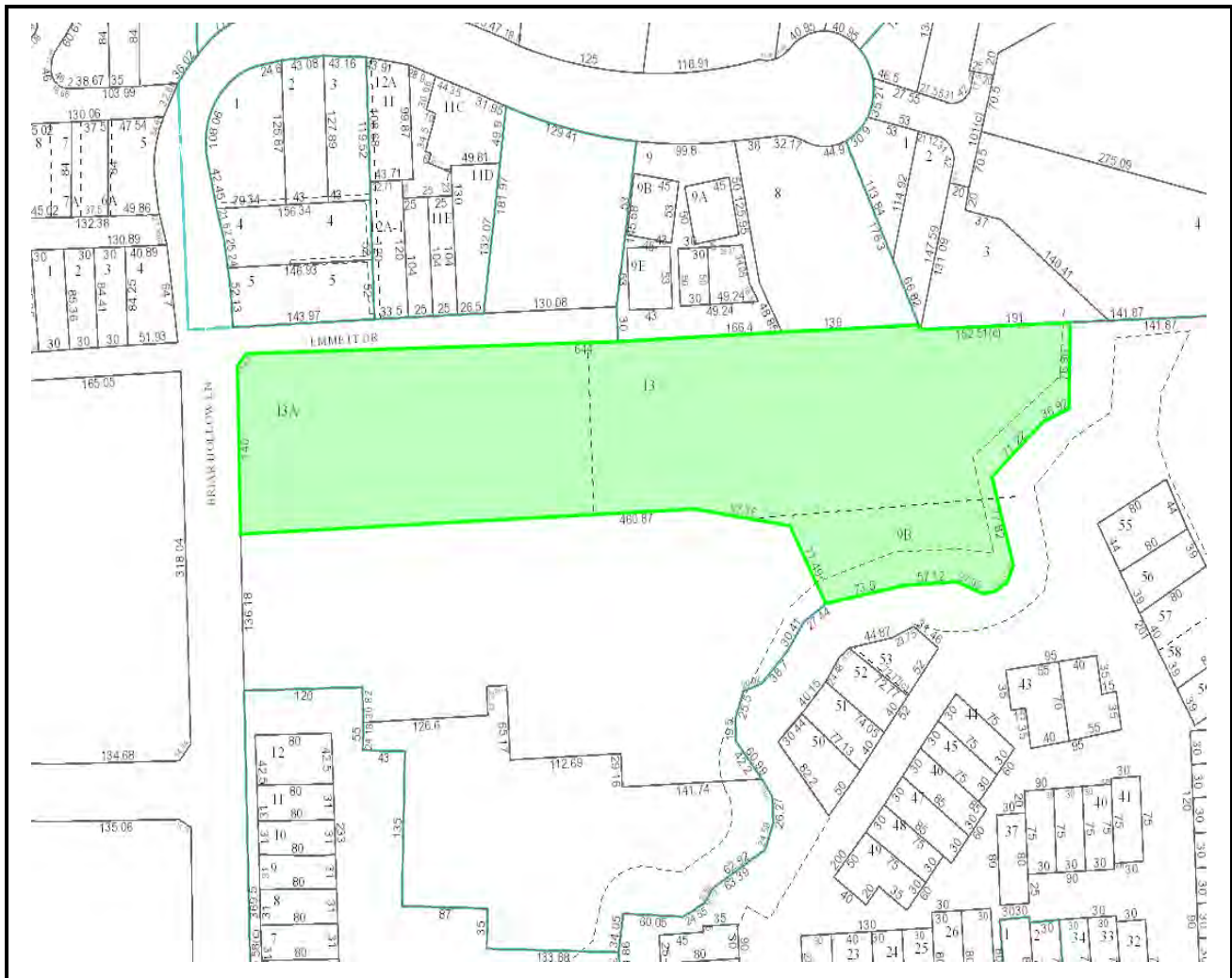
Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

<b>SELECTED NEIGHBORHOOD DEMOGRAPHICS</b>				
50 Briar Hollow Ln Houston, TX 77027	1 Mile Radius	3 Mile Radius	5 Mile Radius	Houston-The Woodlands- Sugar Land, TX Metropolitan Statistical Area
<b>Population</b>				
2026 Total Population	17,264	198,805	590,411	7,933,969
2021 Total Population	13,834	176,019	531,326	7,246,553
2010 Total Population	9,533	140,353	437,530	5,920,416
2000 Total Population	9,005	122,196	401,115	4,693,161
Annual Growth 2021 - 2026	4.53%	2.46%	2.13%	1.83%
Annual Growth 2010 - 2021	3.44%	2.08%	1.78%	1.85%
Annual Growth 2000 - 2010	0.57%	1.39%	0.87%	2.35%
<b>Households</b>				
2026 Total Households	10,564	103,448	275,088	2,745,649
2021 Total Households	8,413	91,317	246,232	2,511,058
2010 Total Households	5,636	73,303	201,064	2,062,529
2000 Total Households	5,198	64,089	180,699	1,648,148
Annual Growth 2021 - 2026	4.66%	2.53%	2.24%	1.80%
Annual Growth 2010 - 2021	3.71%	2.02%	1.86%	1.80%
Annual Growth 2000 - 2010	0.81%	1.35%	1.07%	2.27%
<b>Income</b>				
2021 Median Household Income	\$104,840	\$97,526	\$80,572	\$68,727
2021 Average Household Income	\$163,194	\$155,003	\$135,702	\$99,741
2021 Per Capita Income	\$97,838	\$80,359	\$62,967	\$34,613
2021 Pop 25+ College Graduates	8,286	98,727	243,305	1,629,378
Age 25+ Percent College Graduates - 2021	72.5%	73.3%	63.7%	34.4%
Source: ESRI				

**CONCLUSION**

The neighborhood currently has an upper-income demographic profile with a median household income of \$97,526 within a three-mile radius of the subject. The area is also reflecting an average household income of \$155,003 for 2021. The outlook for the neighborhood is for continued positive increases. As a result, the demand for existing developments is expected to be good. Generally, the neighborhood is expected to be stable in the foreseeable future.

## PLAT MAP



[illegible]



## FLOOD PLAIN MAP



## Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
<b>Physical Description</b>			
Gross Site Area	3.17 Acres	138,085 Sq. Ft.	
Net Site Area	3.17 Acres	138,085 Sq. Ft.	
Primary Road Frontage	Briar Hollow Lane		
Secondary Road Frontage	Emmett		
Excess Land Area	None		
Surplus Land Area	None		
Shape	Irregular		
Topography	Generally Level		
Parcel Number(s)	045-140-002-0105		
Zoning District	None		
Flood Map Panel No. & Date	48201C0665M	9-Jun-14	
Flood Zone	Zone X (Unshaded)		
Adjacent Land Uses	Vacant Land, Retail Strip Center, Single-Family Residential		
<b>Comparative Analysis</b>		<b><u>Rating</u></b>	
Visibility		Average	
Functional Utility		Adequate	
Traffic Volume		Average	
Adequacy of Utilities		Adequate	
Landscaping		Average	
Drainage		Adequate	
<b>Utilities</b>		<b><u>Provider</u></b>	<b><u>Availability</u></b>
Water	City Of Houston		Yes
Sewer	City Of Houston		Yes
Natural Gas	Centerpoint		Yes
Electricity	Centerpoint		Yes
Telephone	Various Providers		Yes
<b>Other</b>		<b><u>Yes</u></b>	<b><u>No</u></b> <b><u>Unknown</u></b>
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Reciprocal Parking Rights		X	
Various sources compiled by CBRE			

## INGRESS/EGRESS

Ingress and egress will be available to the site via two curb cuts along the western right-of-way of Briar Hollow Lane. Additional egress is available to the site along the northern right-of-way of Emmett Street.

## EASEMENTS AND ENCROACHMENTS

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

## COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

## FLOOD ZONE

Based on our review of FEMA Flood Panel Number 48201C0665M, dated 9-Jun-14 the subject improvements appears to be within Zone X (Unshaded). We are not experts in determining flood zone elevations and flood determination are specific to structures. The reader is encouraged to consult with a professional engineer to determine the subject's actual flood zone status. FEMA defines the flood zone(s) as follows:

Zones C and X (unshaded) are flood insurance rate zones used for areas outside the 0.2-percent-annual-chance floodplain. No Base Flood Elevations (BFEs) or depths are shown in this zone, and insurance purchase is not required.

## ENVIRONMENTAL ISSUES

Although CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination or adverse conditions.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

## ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

North:	Multi-Family Residential / Single-Family Residential
South:	Multi-Family Residential / Single-Family Residential
East:	Single- Family Residential / Vacant Land
West:	Commercial Use

The adjacent properties do not appear to affect the marketability of the subject property.

## CONCLUSION

The site is well located and afforded average access and visibility from roadway frontage. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the proposed use of the site.

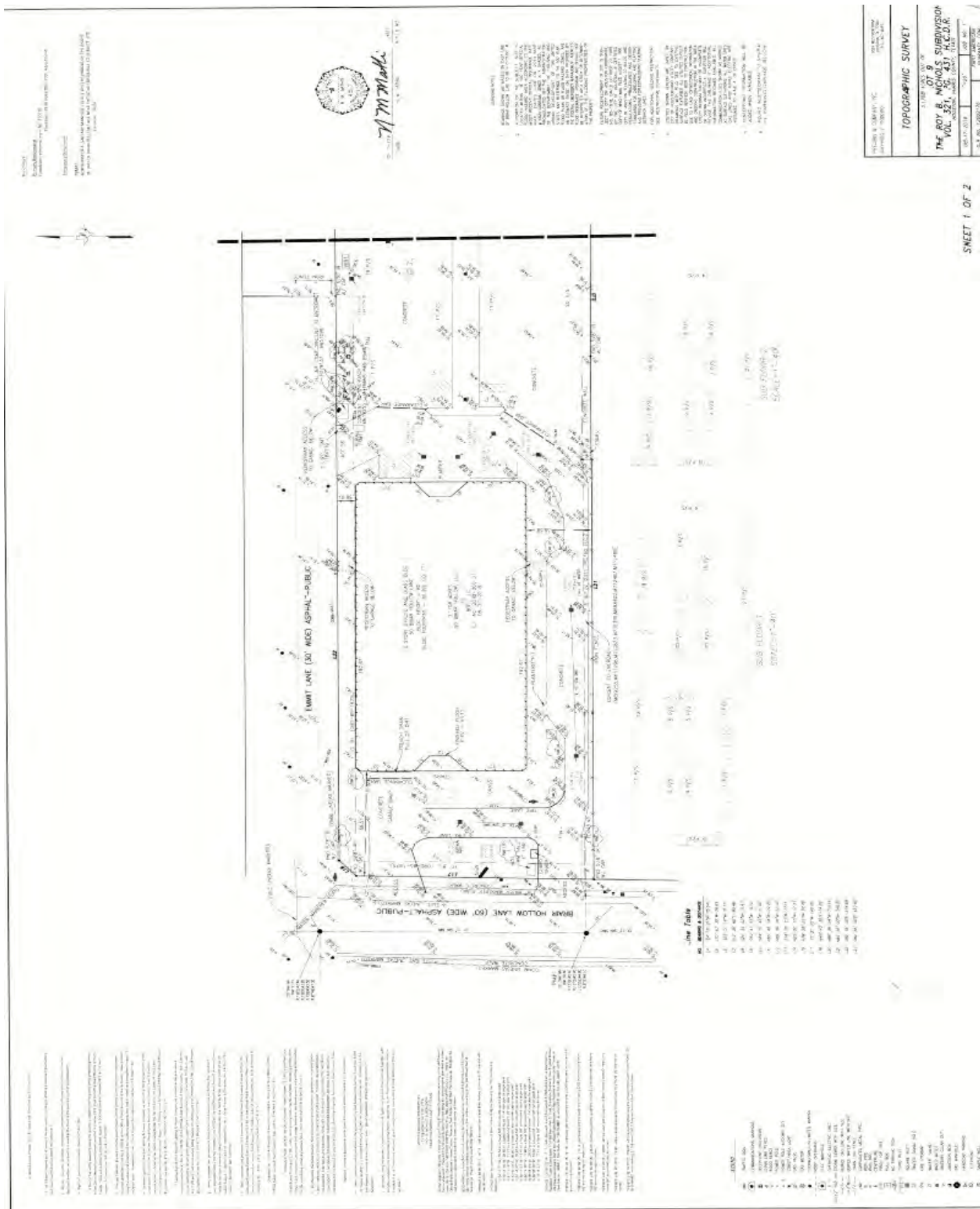


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## PROPOSED MULTI-FAMILY IMPROVEMENTS LAYOUT



## Improvements Analysis

The following chart shows a summary of the improvements as renovated/converted to multi-family use.

IMPROVEMENTS SUMMARY AND ANALYSIS		
Property Type	Multifamily	(Multifamily Mid/High Rise )
Number of Buildings	2	
Number of Stories	6-7	
Gross Building Area	199,677 SF	
Net Rentable Area	181,750 SF	
Number of Units	204	
Average Unit Size	891 SF	
Development Density	64.4 Units/Acre	
Parking Improvements	Basement	
Parking Spaces:	599	
Parking Ratio (spaces/unit)	2.94	
Year Built	1988	
Actual Age	34 Years	
Effective Age	10 (After Renovatio	
Total Economic Life	55 Years	
Remaining Economic Life	#VALUE!	
Age/Life Depreciation	Check Values	
Functional Utility	Typical	

Source: Various sources compiled by CBRE

UNIT MIX					
Unit Mix/Type	Comments/Floorplans	No. Units	Percent of Total	Unit Size (SF)	NRA (SF)
1BR/1BA	1A	79	38.7%	800	63,200
2BR/2BA	2A	50	24.5%	850	42,500
2BR/2BA	2B	59	28.9%	950	56,050
3BR/2BA	3A	16	7.8%	1,250	20,000
Total/Average:		204	100.0%	891	181,750

Source: Various sources compiled by CBRE

## YEAR BUILT

The subject has an expected renovation completion of December 2024.

## CONSTRUCTION CLASS

Building construction class is as follows:

C - Masonry/concrete ext. walls & wood/steel roof & floor struct., exc. concrete slab on grade

The construction components are assumed to be in working condition and adequate for the building.

The overall quality of the proposed development will be considered to be excellent once completion of construction for the neighborhood and age. However, CBRE, Inc. is not qualified to determine structural integrity and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

### **FOUNDATION/FLOOR STRUCTURE**

The foundations are assumed to be of adequate load-bearing capacity to support the improvements. The floor structure is summarized as follows:

Ground Floor:	Concrete slab on compacted fill
Other Floors:	Plywood deck with light-weight concrete cover

### **EXTERIOR WALLS**

The exterior walls will be wood frame with stucco accents and trim. The buildings will have double pane aluminum frame windows.

### **ROOF COVER**

All buildings will have flat roofs, this is a typical building feature for this location and building type.

### **ELEVATOR/STAIR SYSTEM**

The subject apartment buildings will feature interior stairwells located at each section of the buildings. Additionally, each building will feature elevators, which will include three elevators in the seven-story building and two elevators in the six-story building.

### **HVAC**

The individual units will feature roof-mounted electric condenser/compressor units with forced air compressors located inside of the units. The HVAC system will be assumed to be in new operating condition and adequate for the respective square footage of each individual unit.

### **UTILITIES**

Per the property representative the property will operate on a RUBS system for water, electricity, trash and sewer utilities.

### **SECURITY**

The improvements will have security keyed electronic gates at all vehicle and pedestrian access points.

## **LIFE SAFETY AND FIRE PROTECTION**

The improvements will be fire sprinklered and all units will be equipped with smoke detectors. It is assumed the improvements will have adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and/or other fire protection measures to meet local fire marshal requirements. CBRE is not qualified to determine adequate levels of safety & fire protection, whereby it is recommended that the client/reader review available permits, etc. prior to making a business decision.

## **PROJECT AMENITIES**

The project amenities will include controlled access, a clubhouse/leasing office, a rooftop terrace, fitness center, playground, outdoor grilling area, pool and outdoor recreation center.

## **UNIT AMENITIES**

### **Kitchens**

Each unit will feature a full stainless-steel appliance package including:

- an electric range/oven with vent-hood
- frost-free refrigerator
- garbage disposal
- dishwasher
- built in microwave
- under cabinet lighting

Additionally, each unit will feature wood cabinets with quartz countertops and wood-style plank flooring in the kitchen area.

### **Bathrooms**

The bathrooms within each unit will feature garden tub/showers with ceramic tile surrounds. Additionally, each bathroom will feature a commode, wood cabinet with quartz counters and built-in porcelain sink, vanity mirror and wood-style plank flooring.

### **Interior Features**

The subject units will include the following interior features:

- washer/dryer machines in each unit
- wood-style plank flooring

### **Interior Lighting**

Each unit will feature incandescent lighting in appropriate interior and exterior locations with fluorescent lighting in bathrooms and kitchen areas.

## Patios, Balconies and Storage

The units will not feature a private balcony / patio.

## SITE AMENITIES

### Parking and Drives

The project will feature 599 parking spaces located in a three-level attached and subterranean parking garage which will connect the two apartment buildings. The parking ratio will be 2.93 spaces per unit, this parking is considered sufficient for the proposed use. The Harris County parking requirements for apartment use is shown below.

Apartment House	1.250 spaces for each efficiency apartment. 1.333 spaces for each one bedroom apartment. 1.666 spaces for each two bedroom apartment. 2.0 spaces for each apartment with three (3) or more bedrooms.
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### Landscaping

Landscaping will be considered to be in new condition and will be irrigated.

## FUNCTIONAL UTILITY

CBRE assumes all of the floor plans will feature functional layouts and the layout of the overall project will be considered functional in utility. Therefore, the unit mix is also functional, and no conversion is warranted to the proposed improvements.

## ADA COMPLIANCE

CBRE assumes that all common areas of the property appear will have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

## FURNITURE, FIXTURES AND EQUIPMENT

The apartment units will be rented on an unfurnished basis. However, miscellaneous maintenance tools, pool furniture, leasing office furniture, recreational room and clubhouse furniture, and various exercise machines are examples of personal property associated with, and typically included in the sale of, multifamily apartment complexes. Our market value assumes any FF&E at the property would transfer if the property were to sell. This is consistent with how buyers and sellers analyze similar properties.

## ENVIRONMENTAL ISSUES

Although CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination or adverse conditions.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

#### **CONVERSION PROJECT- BUYER'S BUDGET**

Below represents the conversion budget that was provided by the buyer of the property.



<b>Conversion Discussion</b>		
The owner will be converting the two mid-rise office buildings into a multifamily development totaling 181,750 SF of total apartment building space. As well as there is a connected partial below grade and partial surface parking garage totaling 61,557 SF of parking garage. The second story of the parking garage that is surface parking will be converted partially into an amenity area between the two apartment buildings. The apartment buildings will be comprised of 204 units total and the total GBA of the parking garages and apartment buildings are 199,677 SF. The conversion costs have been broken out below.		
<b>Conversion Costs (Buyer's Budget)</b>		
Item	Multifamily Costs	\$/Unit
<b>Hard Cost</b>		
Demolition	\$294,171	\$1,442
Concrete Leveling	\$164,294	\$805
Lightguage Framing	\$1,183,200	\$5,800
Drywall & Taping	\$432,480	\$2,120
Kitchen Cabinents	\$571,200	\$2,800
Quartz Countertops	\$306,000	\$1,500
Interior Wood Trim & Finish	\$122,400	\$600
Re-use Exsising Entry Doors	\$51,000	\$250
Interior Doors & Frames	\$510,000	\$2,500
Ceramic Tile (Bathrooms/Kitchen)	\$367,050	\$1,799
Reslient Flooring	\$480,216	\$2,354
Toilet & Kitchen Accessories	\$102,000	\$500
Painting	\$180,540	\$885
Blinds	\$131,000	\$642
Specialties	\$61,200	\$300
Plumbing	\$1,346,400	\$6,600
HVAC	\$1,356,383	\$6,649
Electrical	\$1,282,240	\$6,285
Fire Alarm	\$185,358	\$909
Stucco Repair & Exterior Paint	\$31,665	\$155
Cocnrete Penetrations	\$57,120	\$280
Amenity Garden/Walking/Pool	\$390,000	\$1,912
New Striping	\$8,550	\$42
Detention Pond per Public Works	\$164,496	\$806
Widen Fire lane Per Fire Marshall	\$32,329	\$158
New Sprinkler System, for Building 1	\$173,967	\$853
Add Energy Code 3M Film to Windows	\$36,732	\$180
<b>Total Hard Costs</b>	<b>\$10,021,991</b>	<b>\$49,127</b>
<b>Soft Costs</b>		
Asbestos Report	\$13,200	\$65
Structural Analysis	\$21,800	\$107
Structural Xray	\$28,000	\$137
Civil/Utility/Striping Study	\$17,800	\$87
MEP Drawings	\$67,000	\$328
Entitlement Attorney	\$34,000	\$167
Time at City	\$20,000	\$98
Architectural Drawings	\$124,000	\$608
Building Permits	\$113,378	\$556
Landscape Architect	\$26,000	\$127
General Conditions (4%)	\$419,487	\$2,056
Insurance (1%)	\$104,872	\$514
General Contractor OH & P (10%)	\$1,048,717	\$5,141
<b>Total Soft Costs</b>	<b>\$2,038,253</b>	<b>\$9,991</b>
<b>Total Conversion Costs</b>	<b>\$12,060,244</b>	<b>\$59,119</b>
		<b>\$66.43 PSF (NRA)</b>
Compiled by CBRE		

## CONVERSION PROJECT COMPARABLES

Below represents conversion cost comparables in comparison with the subject's budgeted amount. These comparables were chosen based on similarity to the subject property of converting existing office buildings to multi-family residential use, as well as in similar markets to the subject property.

Conversion Cost Comparables							
Property	Location	Total Units	NRA	GBA	Purchase Price	Conversion Cost (Total)	Total Cost
River House Lofts	Baton Rouge, LA	42	23,037	32,354	\$0	\$9,043,574	\$9,043,574
Patriot Tower	Dallas, TX	255	215,764	327,952	\$11,000,000	\$31,249,267	\$42,249,267
Travis Building	San Antonio, TX	63	38,709	76,488	\$12,250,000	\$14,945,203	\$27,195,203
The Guardian Building	Silver Spring, MD	176	116,645	152,000	\$0	\$48,422,777	\$48,422,777
Skyline Buildings	Falls Church, VA	675	632,475	812,560	\$45,999,999	\$180,789,974	\$226,789,973
Edgewood	Atlanta, GA	286	250,751	333,200	\$0	\$65,329,100	\$65,329,100
2247 Northlake	Tucker, GA	141	137,015	685,710	\$41,500,000	\$32,228,673	\$73,728,673
The 600	Birmingham, AL	404	396,036	684,720	\$31,000,000	\$116,692,869	\$147,692,869
<b>BUYER'S CONVERSION BUDGET</b>		<b>204</b>	<b>181,750</b>	<b>199,677</b>	<b>\$28,000,000</b>	<b>\$12,060,242</b>	<b>\$40,060,242</b>
<b>CBRE'S CONCLUDED CONVERSION COST</b>		<b>204</b>	<b>181,750</b>	<b>199,677</b>	<b>\$28,000,000</b>	<b>\$25,500,000</b>	<b>\$53,500,000</b>
Compiled by CBRE							

Total Cost (PP & Conversion) (Per Unit)	Total Cost Per NRA	Total Cost Per GBA	Conversion Cost (Per Unit)	Conversion Cost Per NRA	Conversion Cost Per GBA
\$215,323	\$392.57	\$279.52	\$215,323	\$392.57	\$279.52
\$165,683	\$195.81	\$128.83	\$122,546	\$144.83	\$95.29
\$431,670	\$702.56	\$355.55	\$237,225	\$386.09	\$195.39
\$275,129	\$415.13	\$318.57	\$275,129	\$415.13	\$318.57
\$335,985	\$358.58	\$279.11	\$267,837	\$285.85	\$222.49
\$228,423	\$260.53	\$196.07	\$228,423	\$260.53	\$196.07
\$522,898	\$538.11	\$107.52	\$228,572	\$235.22	\$47.00
\$365,576	\$372.93	\$215.70	\$288,844	\$294.65	\$170.42
<b>\$196,374</b>	<b>\$220.41</b>	<b>\$200.63</b>	<b>\$59,119</b>	<b>\$66.36</b>	<b>\$60.40</b>
<b>\$262,255</b>	<b>\$294.36</b>	<b>\$267.93</b>	<b>\$125,000</b>	<b>\$140.30</b>	<b>\$127.71</b>

The subject comparables have a conversion cost per unit range of \$122,546 to \$288,844 per unit. The buyer's conversion budget represents \$12,060,242 or \$59,119 per unit. CBRE has concluded that the buyer's conversion budget is below a reasonable level of costs based upon these comparables. Therefore, CBRE has concluded to a conversion amount of \$25,500,000 or \$125,000 per unit. The CBRE estimate is supported by the comparable range of \$122,546 to \$288,844 per unit and is in the lower portion of the range due to the subject property re-using many of the existing office fixtures in the conversion to multi-family use.

## CONVERSION BUDGET SUMMARY

Although CBRE is not an expert in construction costs, the provided renovation budget seems to be on the low end of similar construction types. It is advised that the client receive additional estimates and information regarding this matter. CBRE assumes the subject property will be converted with good quality workmanship and labor commensurate with a final product that is competitive with nearby class A and A- apartment properties.

## DEFERRED MAINTENANCE

Given that one of the office buildings is vacant, there are likely items of deferred maintenance. However, it is assumed by CBRE that any costs to cure deferred maintenance has been included within the conversion budget.

## ECONOMIC AGE AND LIFE

CBRE, Inc.'s estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

<b>ECONOMIC AGE AND LIFE</b>	
Actual Age	34 Years
Effective Age	10 (After Renovation)
MVS Expected Life	55 Years
Remaining Economic Life	55 Years
Accrued Physical Incurable Depreciation	0.0%
Compiled by CBRE	

The remaining economic life is based upon our on-site observations and a comparative analysis of typical life expectancies as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide.

## CONCLUSION

The improvements will be fully renovated and in good overall condition upon completion. Overall, there are no known factors that adversely impact the marketability of the improvements. CBRE has provided an as is value of the vacant office building as of today.

## Zoning

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current Zoning	None
Uses Permitted	Apartment, Various
Zoning Change	Not likely
Compiled by CBRE	

## ANALYSIS AND CONCLUSION

The subject is located in a jurisdiction that does not utilize zoning as a form of land use control. Deed restrictions were not researched. A title policy was not available for review.

## Tax and Assessment Data

The following summarizes the local assessor's estimate of the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures or equipment. The CBRE estimated tax obligation is also shown.

AD VALOREM TAX INFORMATION				
Parcel	Assessor's Parcel No.	2021	2022	As-Is Prospective As Stabilized
1	045-140-002-0105	\$19,876,556	\$22,959,890	
Subtotal		\$20,429,476	\$22,959,890	\$51,051,000 \$54,964,000
% of Assessed Value		100%	100%	100% 100%
Final Assessed Value		20,429,476	22,959,890	\$51,051,000 \$54,964,000
General Tax Rate (per \$100 A.V.)		2.330662	2.330662	2.330662 2.330662
<b>Total Adjusted Taxes</b>		<b>\$476,142</b>	<b>\$535,117</b>	<b>\$1,189,826</b> <b>\$1,281,025</b>
Taxes per Unit		\$2,334	\$2,623	\$5,832 \$6,280
Source: Assessor's Office				

Harris County has an annual assessment program where all real property is assessed at 100% of the estimated fair market value as of January 1 of each year. The annual real estate tax is based on the January 1 assessed value and a real estate tax rate determined each year by the Harris County Board of Supervisors. The owners have until May 15<sup>th</sup> to file a tax protest. Tax rates, set by the individual taxing authorities, are not determined until November of that year. As shown above the, the 2022 preliminary assessment is currently \$22,959,890 or \$112,548 per unit.

Based on our analysis of tax comparables presented below, we believe the preliminary 2022 assessment is below market levels. CBRE has concluded an estimated assessed value (pro forma) of \$51,051,000 or \$250,250 per unit. CBRE's estimated assessed value represents 91.0% AV ratio.

## DELINQUENCY

CBRE assumes all tax payments are current and there is no delinquency.



**TAX COMPARABLES**

Our intention is not to predict the actual reassessment of the property, but rather to emulate the likely pro forma estimate of a typical buyer in this market. Buyers in this market typically utilize two methods for estimating tax liability: 1) comparing the subject to the available tax comparables; and 2) analyzing based on an overall percentage of purchase price.

As a crosscheck to the subject's applicable real estate taxes, CBRE, Inc. has reviewed the real estate tax information according to Harris County for comparable properties in the market area. The following table summarizes the comparables employed for this analysis:

<b>AD VALOREM TAX COMPARABLES</b>										
Comparable Rental	The Ivy River Oaks	Avenue Grove	The Grey House River Oaks	The James	Alexan River Oaks	Gables Cityscape	Gables Metropolitan Uptown	Alister Galleria Apartments	Subject	CBRE's Pro Forma Estimate
Year Built	2017	2016	2016	2015	2021	1991	1996	1991	1988	1988
No. Units	297	270	279	342	381	252	318	200	204	204
Tax Year	2021	2021	2021	2021	2021	2021	2021	2022	2022	2022
<b>Assessor's Market Value</b>	\$111,817,477	\$54,784,563	\$80,501,299	\$81,641,702	\$83,233,709	\$36,247,458	\$47,806,690	\$32,071,102	\$22,959,890	\$51,051,000
<b>AV Per Unit</b>	\$376,490	\$202,906	\$288,535	\$238,718	\$218,461	\$143,839	\$150,336	\$160,356	\$112,548	\$250,250
Source: Assessor's Office										

The above tax comparables represent the preliminary 2022 assessments which range from \$143,839 to \$376,490 with an average of \$222,455 per unit. The CBRE as-is pro forma estimate is within the range of the tax comparables. Our proforma assessment represents a assessed value ratio of 91.0%.

**RATIO OF ASSESSED VALUE TO SALE PRICE**

Indicated in the chart below are sales of similar vintage apartments in Harris County. The assessment ratios range from 83.1% to 97.6%, with an average of 92.5% of the sales prices based on the following year's assessment. The CBRE Pro Forma represents 91.0% of the estimated stabilized market value and is within the range of the comparables. CBRE estimate is reasonable based upon the assessment ratios of similar properties in close proximity to the subject.

<b>RATIO OF ASSESSED VALUE TO SALE PRICE</b>							
Comparable Sale	1	2	3	4	3	4	CBRE's Pro Forma Estimate
Year Built	2001	2008	2016	2020	2008	2005	1988
No. Units	380	361	335	224	195	198	204
Tax Year	2022	2021	2021	2022	2021	2021	2021
<b>Assessor's Market Value</b>	\$84,324,575	\$82,621,579	\$48,800,000	\$72,745,456	\$42,228,708	\$37,687,203	\$51,051,000
Date of Sale	Oct-21	Jul-20	Dec-20	Oct-21	Mar-20	Jan-20	
<b>Sales Price</b>	\$93,500,000	\$88,500,000	\$50,000,000	\$76,304,000	\$50,800,000	\$39,500,000	
<b>AV Ratio</b>	90.2%	93.4%	97.6%	95.3%	83.1%	95.4%	
<b>Estimated Stabilized Value</b>							\$56,100,000
<b>AV Ratio</b>							91.0%
Source: Assessor's Office							

## CONCLUSION

The Texas Constitution requires the County Appraisal Districts (CAD's) to appraise property at its market value. However, the Texas Constitution also requires that taxation be equal and uniform. This means the property is appraised at a similar percentage of its true market value with other properties in the neighborhood.

Based on the foregoing information, the CBRE Pro Forma Estimate is well supported by the comparable properties shown. The total taxes for the subject have been estimated as \$1,189,826 for the base year of our analysis, based upon an assessed value of \$51,051,000 or \$250,250 per unit. This represents 91.0% of our estimated stabilized market value.

For purposes of this analysis, CBRE, Inc. assumes that all taxes are current.

## Market Analysis

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis include Apartment Data Services (ADS).

The subject is located in the Highland Village/ Upper Kirby / West U submarket boundaries and that the subject will be considered a Class A- mid/high rise apartment community. According to the Institute of Real Estate Management (in Income/Expense Analysis: Conventional Apartments), the following multifamily property definitions may be applicable towards the subject:

Mid / High Rise Elevator Projects: This group is confined to elevator buildings, which are four stories or more in height.

## DEMOGRAPHIC ANALYSIS

Demand for residential properties is a direct function of demographic characteristics analyzed on the following pages.

### Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood with primary focus on the 1-, 3- and 5-mile radius.

POPULATION AND HOUSEHOLD PROJECTIONS				
	1 Mile Radius	3 Mile Radius	5 Mile Radius	Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area
<b>Population</b>				
2026 Total Population	17,264	198,805	590,411	7,933,969
2021 Total Population	13,834	176,019	531,326	7,246,553
2010 Total Population	9,533	140,353	437,530	5,920,416
2000 Total Population	9,005	122,196	401,115	4,693,161
Annual Growth 2021 - 2026	4.53%	2.46%	2.13%	1.83%
Annual Growth 2010 - 2021	3.44%	2.08%	1.78%	1.85%
Annual Growth 2000 - 2010	0.57%	1.39%	0.87%	2.35%
<b>Households</b>				
2026 Total Households	10,564	103,448	275,088	2,745,649
2021 Total Households	8,413	91,317	246,232	2,511,058
2010 Total Households	5,636	73,303	201,064	2,062,529
2000 Total Households	5,198	64,089	180,699	1,648,148
Annual Growth 2021 - 2026	4.66%	2.53%	2.24%	1.80%
Annual Growth 2010 - 2021	3.71%	2.02%	1.86%	1.80%
Annual Growth 2000 - 2010	0.81%	1.35%	1.07%	2.27%
Source: ESRI				

As shown, the subject's neighborhood is experiencing positive increases in both population and households.

## Income Distributions

Household income available for expenditure on housing and other consumer items is a primary factor in determining the price/rent level of housing demand in a market area. In the case of this study, projections of household income, particularly for renters, identifies in gross terms the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

<b>HOUSEHOLD INCOME DISTRIBUTION</b>				
	1 Mile Radius	3 Mile Radius	5 Mile Radius	Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area
Households by Income Distribution (2021)				
<\$15,000	5.63%	5.91%	8.79%	8.14%
\$15,000 - \$24,999	4.43%	5.12%	7.21%	7.99%
\$25,000 - \$34,999	4.72%	5.05%	6.72%	8.33%
\$35,000 - \$49,999	5.71%	8.19%	9.42%	11.61%
\$50,000 - \$74,999	13.31%	14.72%	15.02%	17.18%
\$75,000 - \$99,999	13.92%	11.95%	10.54%	12.15%
\$100,000 - \$149,999	16.59%	15.45%	13.60%	15.84%
\$150,000 - \$199,999	9.16%	9.41%	8.30%	8.20%
\$200,000+	26.52%	24.20%	20.40%	10.55%
Source: ESRI				

The following table illustrates the median and average household income levels for the subject neighborhood.

<b>HOUSEHOLD INCOME LEVELS</b>				
	1 Mile Radius	3 Mile Radius	5 Mile Radius	Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area
Income				
2021 Median Household Income	\$104,840	\$97,526	\$80,572	\$68,727
2021 Average Household Income	\$163,194	\$155,003	\$135,702	\$99,741
2021 Per Capita Income	\$97,838	\$80,359	\$62,967	\$34,613
Source: ESRI				

An analysis of the income data indicates that the submarket is generally comprised of upper-income economic cohort groups, which include the target groups to which the subject is oriented.

## Employment

An employment breakdown typically indicates the working-class characteristics for a given market area. The specific employment population within the indicated radii of the subject is as follows:

<b>EMPLOYMENT BY INDUSTRY</b>				
Occupation (2021)	1 Mile Radius	3 Mile Radius	5 Mile Radius	Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area
Agric/Forestry/Fishing/Hunting	0.06%	0.10%	0.13%	0.27%
Construction	6.05%	6.51%	8.48%	11.04%
Manufacturing	6.77%	8.07%	7.86%	10.34%
Wholesale Trade	3.30%	3.19%	3.29%	3.52%
Retail Trade	12.61%	7.70%	7.61%	10.89%
Transportation/Warehousing	4.49%	3.27%	3.85%	6.44%
Information	1.69%	1.47%	1.38%	1.17%
Finance/Insurance	8.23%	10.26%	7.56%	4.56%
Prof/Scientific/Tech Services	25.66%	24.08%	20.15%	9.82%
Mgmt of Companies/Enterprises	1.47%	0.26%	0.20%	0.12%
Admin/Support/Waste Mgmt Svcs	1.15%	2.37%	3.90%	4.40%
Educational Services	8.52%	9.40%	9.62%	9.22%
Health Care/Social Assistance	8.45%	10.65%	11.80%	12.60%
Arts/Entertainment/Recreation	1.20%	1.34%	1.29%	0.99%
Accommodation/Food Services	4.29%	5.00%	6.38%	5.96%
Other Services (excl Publ Adm)	3.15%	3.96%	4.51%	5.33%
Public Administration	2.93%	2.37%	2.00%	3.33%

Source: ESRI

The previous table illustrates the employment character of the submarket, indicating a predominantly upper-income employment profile, with the majority of the population holding retail trade, educational services, healthcare/social assistance and manufacturing related jobs.

### Outlook

Based on this analysis, the immediate area surrounding the subject is projected to experience moderate, positive growth relative to households and population into the near future. Given the area demographics, it appears that demand for both comparable surrounding area apartment units and the subject will continue to be favorable.

## MARKET OVERVIEW

The following discussion illustrates some general observations in the surrounding multifamily market and Highland Village / Upper Kirby/ West U Submarket.

### Market Summary

Market statistics for the Houston market area and the and the subject's Highland Village / Upper Kirby/ West U submarket are shown in the following table:



<b>MULTIFAMILY MARKET STATISTICS</b>		
Category	Houston Area	Highland Village/ Upper Kirby/ West U
Existing Supply (Units)	712,654	18,909
Net Absorption (Units)	20,036	1,044
Average Occupancy	91.4%	91.3%
Change in Last 3 Months	0.3%	5.3%
Change in Last 6 Months	-0.5%	2.1%
Change in Last 12 Months	0.9%	4.2%
Average Rent PSF	\$1.39	\$1.99
Change in Last 3 Months	10.2%	13.6%
Change in Last 6 Months	8.4%	10.7%
Change in Last 12 Months	10.5%	8.3%
Date of Survey	June-22	June-22
Source: Apartment Data Services (ADS)		

As shown above, the average occupancy rate for the subject's Highland Village / Upper Kirby/ West U submarket is similar to the overall Houston market area. In addition, the average rental rate for the submarket is higher than the overall Houston market. The subject's Highland Village / Upper Kirby/ West U submarket is considered a upper-level submarket as compared to the other submarkets in the overall Houston market area. Absorption has been positive for both the overall Houston area and at the subject's Highland Village / Upper Kirby/ West U submarket during the past 12 months.

### Market Trends

The table below presents the annual trends in rental rates and occupancy for the Houston area and local submarket over the past several years:

<b>MULTIFAMILY MARKET TRENDS</b>						
Date	Houston Area			Highland Village/ Upper Kirby/ West U		
	Rent Per Unit	Rent PSF	Occupancy	Rent Per Unit	Rent PSF	Occupancy
2016	\$968	\$1.10	88.3%	\$1,619	\$1.69	85.0%
2017	\$1,011	\$1.15	89.3%	\$1,700	\$1.76	91.2%
2018	\$1,023	\$1.16	89.6%	\$1,696	\$1.75	91.6%
2019	\$1,051	\$1.19	89.3%	\$1,772	\$1.82	89.2%
2020	\$1,043	\$1.18	88.4%	\$1,630	\$1.66	83.2%
2021	\$1,188	\$1.34	91.5%	\$1,872	\$1.91	89.5%
May-22	\$1,233	\$1.39	91.4%	\$1,954	\$1.99	91.3%
Source: Apartment Data Services (ADS)						

The overall market area has experienced relatively stable occupancy rates over the past four years while the local submarket has experienced fluctuating occupancy rates over the past four years, as a result of new product deliveries. Over the same time frame, rental rates have also been steadily increasing. Both the Houston metro and the subject sub-market are currently at a 7-year high for both rental rates.

As of June 2022, there were a total of 60 properties that are under construction in the entire Houston area, which will add an additional 15,725 new units within the next 12 to 18-month period. The subject's submarket has 1 property that is under construction which will add 257 new units within the next 12–18-month period.

### Submarket Trends

According to ADS Market-Trac, the Highland Village / Upper Kirby/ West U submarket has 14,150 Class A units which holds the majority with an average 90.6% occupancy level, Class B product type which has 4,343 units with an average 94.5% occupancy level, Class C has 416 units with an average 78.4% occupancy level and there are no Class D units within the subject's submarket.

Floorplans (ALL)					
	Total	Class A	Class B	Class C	Class D
# of Apartments	67	49	14	4	0
# of Units	18,909	14,150	4,343	416	-
Size (sf)	981	997	949	777	-
Price (\$/mo)	1,954	2,138	1,454	930	-
Rental Rate (\$/sf/mo)	1.99	2.14	1.53	1.20	-
Occupancy	91.3%	90.6%	94.5%	78.4%	-

### Stable vs Lease-Up Communities

There are currently one Class A projects in lease-up within the subject's submarket, as shown in the following table. The Class A properties average 90.6% occupancy. There are currently no Class B properties in lease up within the subject's submarket. When a newly constructed property gets its first Certificate of Occupancy for the front portion of the property, the entire project counts toward that market's occupancy level. For example, if a 300-unit project receives its first CO's on 40 units then the remaining 260 units count as vacant units towards that submarket average.

Stable vs Lease-Up Communities						
	Class A	Stable	Lease-Up	Class B	Stable	Lease-Up
# of Apartments	49	48	1	14	14	0
# of Units	14,150	13,750	400	4,343	4,343	0
Size (sf)	997	997	997	949	949	0
Price (\$/mo)	2,138	2,128	2,469	1,454	1,454	0
Rental Rate (\$/sf/mo)	2.14	2.13	2.48	1.53	1.53	0.00
Occupancy	90.6%	92.7%	20.0%	94.5%	94.5%	0.0%

### Barriers to Entry

Barriers to entry are new apartment construction that has entered the market and finding a site which would be suitable for development. The chart below shows the new developments that are currently underway in the submarket at this time:

## Recently Opened (Past 12 months)

#	Name (1)	Submarket	Units (403)	Occupancy	MoveIns	Management Co
1	Bowen River Oaks 2020 Westcreek Ln, Houston, TX 77021	Highland Village/ Upper Kirby/ West U Central Houston	403	29%	Dec 2021	Lennar Multifamily Comm

## Under Construction

#	Name (1)	Submarket	Units (257)	Occupancy	MoveIns	Management Co
1	Drexel 3810 Drexel Dr, Houston, TX 77027	Highland Village/ Upper Kirby/ West U Central Houston	257	•	Aug 2022	O H T Partners

## Proposed

#	Name (4)	Submarket	Units (1088)	Occupancy	MoveIns	Management Co
1	3440 Richmond Site 3440 Richmand Ave, Houston, TX 77046	Highland Village/ Upper Kirby/ West U Central Houston	300	•	•	Senterra Development
2	Briar Hollow (High Rise) 4550 Briar Hollow Pl, Houston, TX 77027	Highland Village/ Upper Kirby/ West U Central Houston	313	•	•	Finger Companies
3	Ro, The 3120 Buffalo Speedway, Houston, TX 77098	Highland Village/ Upper Kirby/ West U Central Houston	300	•	•	Transwestern
4	Stanmore At River Oaks Westheimer Rd & Revere St, Houston, TX 77098	Highland Village/ Upper Kirby/ West U Central Houston	175	•	•	Stanmore Partners

### Demand Generators

Demand generators include the subject's proximity to major employment centers including: The Houston CBD, The Galleria and Uptown Houston. The subject is proximate to several major thoroughfares including Loop 610 and IH-10 providing convenient access to all areas of the city. Additionally, the subject's proximity to restaurants, parks, entertainment and shopping venues has positively impacted demand in recent years. There has been a shift towards urban style living among young professionals in the City of Houston and the subject is likely to capture part of this urbanite movement.

### COMPETITIVE PROPERTIES

Comparable properties were surveyed in order to identify the current occupancy within the competitive market. The comparable data is summarized in the following table:

<b>SUMMARY OF COMPARABLE MULTIFAMILY RENTALS</b>				
Comp. No.	Name	Location	Distance from Subject	Occupancy
1	The Ivy River Oaks	2311 Mid Lane, Houston, TX	0.8 Miles	88%
2	Avenue Grove	3815 Eastside, Houston, TX	2.2 Miles	89%
3	The Grey House River Oaks	4444 Westheimer Road, Houston, TX	0.9 Miles	95%
4	The James	2303 Mid Lane, Houston, TX	0.7 Miles	90%
5	Alexan River Oaks	3015 Wesleyan Street, Houston, TX	1.3 Miles	88%
Subject	50 Briar Hollow Ln	50 Briar Hollow Ln, Houston, Texas		0%
Compiled by CBRE				

The comparable properties surveyed have occupancy rates of 88% or better, and all are currently in average to good condition. CBRE believes that these properties are a good representation of the rental rates in the subject area with a similar year built.

## SUBJECT ANALYSIS

### Occupancy

Occupancy rate is the relationship between the actual income received from a property and the income that would be received if the entire space were occupied. Consequently, the occupancy rate is a product of both (1) the relationship between the amount of occupied space in a building or market (physical) and (2) the relationship between the contract rent for the occupied building or market space and the total rent estimated for all space in the building or market (economic).

Based on the foregoing analysis, CBRE, Inc.'s conclusion of stabilized occupancy for the subject is illustrated in the following table. This estimate considers both the physical and economic factors of the market.

<b>OCCUPANCY CONCLUSIONS</b>	
Houston Area	91.4%
Highland Village/ Upper Kirby/ West U	91.3%
Rent Comparables - Average	92%
Rent Comparables - Range	90.0% - 97.0%
Subject's Stabilized Occupancy	93.0%
Lease-up Period	11 Months
Compiled by CBRE	

The subject's stabilized occupancy conclusion is supported by the market rent data and the developer's budget.

<b>COMPARABLE SPACE ABSORPTION</b>			
Property	Date Opened	Occupancy	Absorption/Month
Alta Washington	Nov-20	91%	14 Units/Month
Driscoll at River Oaks	Aug-20	92%	21 Units/Month
Hanover River Oaks	Apr-20	91%	22 Units/Month
The Parker	Mar-20	93%	16 Units/Month
Alexan River Oaks	Jan-21	74%	21 Units/Month
Subject's Initial Absorption			0 Units/Month
Subject's Projected Absorption			18 Units/Month
Lease-Up Period			11 Months
Compiled by CBRE			

CBRE has provided absorption comparables that range from 14 to 22 per month. CBRE has concluded to an 18 units per month which puts the subject property at stabilization after a period 18 months. It should be noted that CBRE has included the 11 month lease up period in the 30 month construction timeline to get to an as stabilized value.

### Concessions

The competitive forces in the submarket have resulted in rent concessions throughout all markets in the city. The concessions vary according to occupancy and demand of particular floor plans. Concessions have been prevalent in the market for years due to continued new construction, and most leasing managers believe they will remain in the near future. The subject's stabilized concession amount is estimated at 2.50% of gross rental income and reflects the anticipated need to offer specials periodically to maintain stabilized occupancy trends.

<b>CONCESSIONS</b>		
Year	Total	% of ARI
Developer's Budget Jun. 2023	(\$329,256)	3.0%
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>(\$122,886)</b>	<b>2.5%</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>(\$132,311)</b>	<b>2.5%</b>
Compiled by CBRE		

## CONCLUSION

### Supply and Demand

According to Apartment Data Services, LLC, as of March 2022 the Greater Houston area had 77 communities (20,783 units) recently opened (past 12 months), 54 communities (13,710 units) under construction and 110 communities (33,006 units) proposed construction.

Rents have increased in the overall Houston area over the past 12-month period by 0.9% and the subject's submarket has experienced an increase of 4.2% during this same time frame. Occupancy levels for the past 12 months have increased 10.5% for the Houston area and 8.3% for the subject's submarket.

### Subject Property

With respect to the proposed subject in particular, we believe the subject is reasonably well located for an apartment project. It is in reasonable proximity to both employment centers and major roadways, and the surrounding apartment developments are experiencing average to above average levels of demand.



## Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

### AS VACANT

#### Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

#### Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development). Existing structures on similar sites provides additional evidence for the physical possibility of development.

#### Financial Feasibility

Potential uses of the site include multifamily and commercial uses. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis, the subject multifamily market is generally stabilized. Development of new multifamily properties has occurred in the past few years. Further, within the subject market, there are 5 proposed or under construction multifamily projects in the competitive market.

#### Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant would be the development of an multifamily property. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation) or a developer.

## AS IMPROVED/PROPOSED

### Legal Permissibility

The site is proposed to be improved with a Class A multifamily development that will be a legal, conforming use.

### Physical Possibility

The layout and positioning of the improvements are considered functional for multifamily use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the proposed use of the property for multifamily users would be the most functional use.

### Financial Feasibility

The subject property is currently improved with two office buildings with an occupancy of 15% currently. In addition, because of the COVID-19 health impact occupancy trends are not favorable especially for older buildings and buildings without significant road frontage. Because of the factors and the strong multifamily demand in the subject neighborhood, CBRE concludes a highest and best use is to convert the existing building to a multifamily development.

The financial feasibility of an multifamily property is based on the amount of rent which can be generated, less operating expenses required to generate that income; if a residual amount exists, then the land is being put to a productive use. Based upon the income capitalization approach conclusion, the subject is capable of producing a positive net cash flow and continued utilization of the improvements for multifamily purposes is considered financially feasible. Further, the value of the property as proposed to be improved clearly exceeds the underlying land value.

### Maximum Productivity - Conclusion

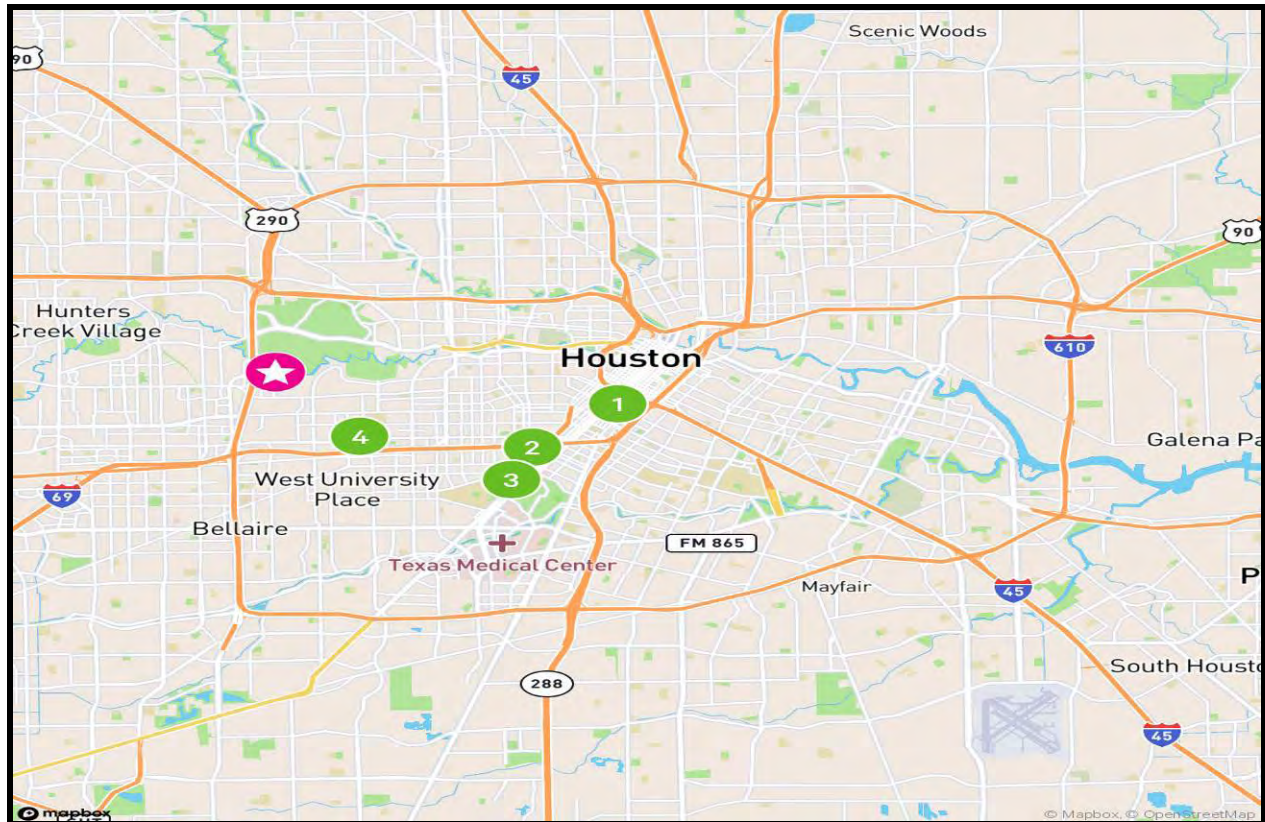
As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by multifamily owners/tenants. None of the comparable buildings have been acquired for conversion to an alternative use. The most likely buyer for the subject property is as follows:

- Investor-Regional, which is in agreement with the sales comparables presented.

Based on the foregoing, the highest and best use of the property, as improved, is consistent with the proposed use as a Class A multifamily development.

## Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES									
No.	Property Location	Transaction Type	Transaction Date	Interest Transferred	Proposed Use	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Size (SF)	Price Per SF
1	2403 Caroline Street Houston, TX 77004	Sale	Jun-21	Fee Simple/Freehold	Apartment-LIHTC	\$9,943,750	\$9,990,356	53,753	\$185.86
2	4641 Montrose 8 Chelsea Blvd. Houston, TX 77006	Sale	May-19	Fee Simple/Freehold	Redevelopment for Multifamily	\$16,500,000	\$16,550,000	92,301	\$179.30
3	4910 Montrose Houston, TX 77006	Sale	Dec-20	Fee Simple/Freehold	Investment	\$7,785,000	\$7,847,000	51,900	\$151.19
4	3440 Richmond Ave Houston, TX 77046	Sale	Sep-19	Fee Simple/Freehold	Mixed-Use	\$24,208,800	\$24,342,059	172,951	\$140.75
Subject	50 Briar Hollow Ln, Houston, Texas	---	---		Mixed Use	---	---	138,085	---

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)  
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject and were selected from the Upper Kirby and surrounding areas. These sales were chosen based upon their similar highest and best use and locational characteristics with the subject.

## DISCUSSION/ANALYSIS OF LAND SALES

### Land Sale One

This comparable represents 1.234 acres at 2403 Caroline Street. The site's shape is irregular, and its topography is described as generally level. The parcel exhibits frontage along Caroline and McGowen. The property use at the time of sale was indicated as commercial site. The site is not subject to zoning, and the proposed use was reported as apartment-LIHTC. All utilities were available to the site. The property sold in June 2021 for \$9,943,750, or \$184.98 per square foot (\$8,058,144 per acre). Any difference between the Actual Sale Price and Adjusted Sale Price reflects an adjustment of \$0 for cash equivalency and/or \$46,606 for development/capital costs.

### Land Sale Two

This comparable represents 2.1189 acres at 4641 Montrose 8 Chelsea Blvd. The site's shape is rectangular, and its topography is described as generally level. The parcel exhibits frontage along Montrose Boulevard and Chelsea Boulevard. The property use at the time of sale was indicated as commercial office. The site is not subject to zoning, and the proposed use was reported as redevelopment for multifamily. All Available - City of Houston utilities were available to the site. The property sold in May 2019 for \$16,500,000, or \$179.30 per square foot (\$7,810,656 per acre). Any difference between the Actual Sale Price and Adjusted Sale Price reflects an adjustment of \$0 for cash equivalency and/or \$50,000 for development/capital costs.

### Land Sale Three

This comparable represents 1.1915 acres at 4910 Montrose. The site's shape is rectangular, and its topography is described as level, at street grade. The parcel exhibits frontage along Montrose and Milford. The property use at the time of sale was indicated as vacant church building. The site is not subject to zoning, and the proposed use was reported as investment. The property sold in December 2020 for \$7,785,000, or \$151.19 per square foot (\$6,585,816 per acre). Any difference between the Actual Sale Price and Adjusted Sale Price reflects an adjustment of \$0 for cash equivalency and/or \$62,000 for development/capital costs.

### Land Sale Four

This comparable represents 3.9704 acres at 3440 Richmond Ave. The site's shape is irregular, and its topography is described as generally level. The parcel exhibits frontage along Richmond Avenue and Buffalo Speedway. The property use at the time of sale was indicated as vacant land. The site is not subject to zoning, and the proposed use was reported as mixed-use. All utilities were available to the site. The property sold in September 2019 for \$24,208,800, or \$140.75 per square foot (\$6,130,883 per acre).

**SUMMARY OF ADJUSTMENTS**

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

<b>LAND SALES ADJUSTMENT GRID</b>					
Comparable Number	1	2	3	4	Subject
Transaction Type	Sale	Sale	Sale	Sale	---
Transaction Date	Jun-21	May-19	Dec-20	Sep-19	---
Interest Transferred	Fee	Fee	Fee	Fee	
	Simple/Freehold	Simple/Freehold	Simple/Freehold	Simple/Freehold	
Proposed Use	Apartment-LIHTC	Redevelopment for Multifamily	Investment	Mixed-Use	Multifamily
Actual Sale Price	\$9,943,750	\$16,500,000	\$7,785,000	\$24,208,800	---
Adjusted Sale Price <sup>1</sup>	\$9,990,356	\$16,550,000	\$7,847,000	\$24,342,059	---
Size (Acres)	1.23	2.12	1.19	3.97	3.17
Size (SF)	53,753	92,301	51,900	172,951	138,085
Price Per SF	\$185.86	\$179.30	\$151.19	\$140.75	---
Price (\$ PSF)	\$185.86	\$179.30	\$151.19	\$140.75	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms <sup>1</sup>	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	
Market Conditions (Time)	3%	9%	4%	8%	
Subtotal	\$191.44	\$195.44	\$157.24	\$152.01	
Size	-10%	-5%	-10%	0%	
Frontage	0%	-15%	0%	0%	
Location	-10%	0%	0%	0%	
Total Other Adjustments	-20%	-20%	-10%	0%	
<b>Value Indication for Subject</b>	<b>\$153.15</b>	<b>\$156.35</b>	<b>\$141.51</b>	<b>\$152.01</b>	
Absolute Adjustment	23%	29%	14%	8%	

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

The comparables used in this analysis had unadjusted prices ranging from \$140.75 to \$185.86 per square foot. Based on our comparative analysis, the following discussions summarizes the adjustments warranted to each comparable:

**Market Conditions (Time):** All of the comparables were adjusted upward for market conditions (time) due to the improving market conditions (3.0% annually) since the date of sale.

**Size:** Comparable Two received a downward adjustment for size due to the economies of scale regarding parcel size.

**Location:** Comparable One received a downward adjustment for location. The following supplemental data was collected in order to provide support for our location adjustments:



LAND SALES LOCATION ADJUSTMENT ANALYSIS					
Comparable Number	Subject	1	2	3	4
Address	50 Briar Hollow Ln	2403 Caroline Street	4641 Montrose	4910 Montrose	3440 Richmond Ave
Radius for Demographic Analysis	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius
2021 Households	91,317	91,402	105,071	106,222	101,804
2021 Average Household Income	\$155,003	\$119,827	\$131,878	\$129,986	\$163,051
AHI Relative to Subject	---	-22.7%	-14.9%	-16.1%	5.2%
2021 Median Value of Owner Occupied Housing Units	\$604,183	\$417,269	\$480,617	\$486,241	\$669,377
2021 % Renter Occupied Housing Units	53.9%	56.8%	57.8%	58.1%	54.5%
2021 % College/Graduate Degree Age 25+	73.3%	59.4%	71.8%	71.5%	77.8%
2021 Median Age	38.8	34.9	35.5	35.3	38.4
Indicated Qualitative Adjustment	---	Superior	Similar	Similar	Similar
Concluded Quantitative Adjustment	---	-10%	0%	0%	0%
Compiled by CBRE					

After making warranted adjustments for location and physical characteristics, these comparables provided an indicated range of value of \$141.51 to \$156.35 per square foot.

## CONCLUSION

Although all of the comparables received equal consideration, primary emphasis was placed on sales Three and Four due to their lower absolute adjustment and closer proximity to the subject property. Therefore, CBRE has concluded to land value range of \$141.00 to \$152.00 per square foot. In conclusion, a price per square foot indication towards the middle portion of the range is considered to be appropriate. The following table presents the valuation conclusion:

CONCLUDED LAND VALUE				
\$ PSF		Subject SF		Total
\$141.00	x	138,085	=	\$19,470,013
\$152.00	x	138,085	=	\$20,988,950
<b>Indicated Value:</b>				<b>\$20,200,000</b>
(Rounded \$ PSF)				<b>\$146.29</b>
Compiled by CBRE				

The value equates to approximately \$146.50 per square foot. This falls within the range of \$141.51 to \$156.35 per square foot indicated by the comparable sales, thereby lending support to our value conclusion.

## Insurable Replacement Cost

Insurable Replacement Cost is defined as follows:

1. the value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of noninsurable items (e.g., land value) from market value.
2. The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).<sup>7</sup>

CBRE, Inc. has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry-accepted publications such as the Marshall Valuation Service. The methodology employed is a derivation of the cost approach and is not reliable for Insurable Replacement Cost estimates. Actual construction costs and related estimates can vary greatly from this estimate.

The Insurable Replacement Cost estimate presented herein is intended to reflect the value of the destructible portions of the subject, based on the replacement of physical items that are subject to loss from hazards (excluding indestructible items such as basement excavation, foundation, site work, land value and indirect costs). In the case of the subject, this estimate is based upon the base building costs (direct costs) as obtained via the Marshall Valuation Service cost guide, with appropriate deductions.

This analysis should not be relied upon to determine proper insurance coverage as only consultants considered experts in cost estimation and insurance underwriting are qualified to provide an Insurable Replacement Cost. It is provided to aid the client/reader/user as part of their overall decision-making process and no representations or warranties are made by CBRE, Inc. regarding the accuracy of this estimate. It is strongly recommended that other sources be utilized to develop any estimate of Insurable Replacement Cost.

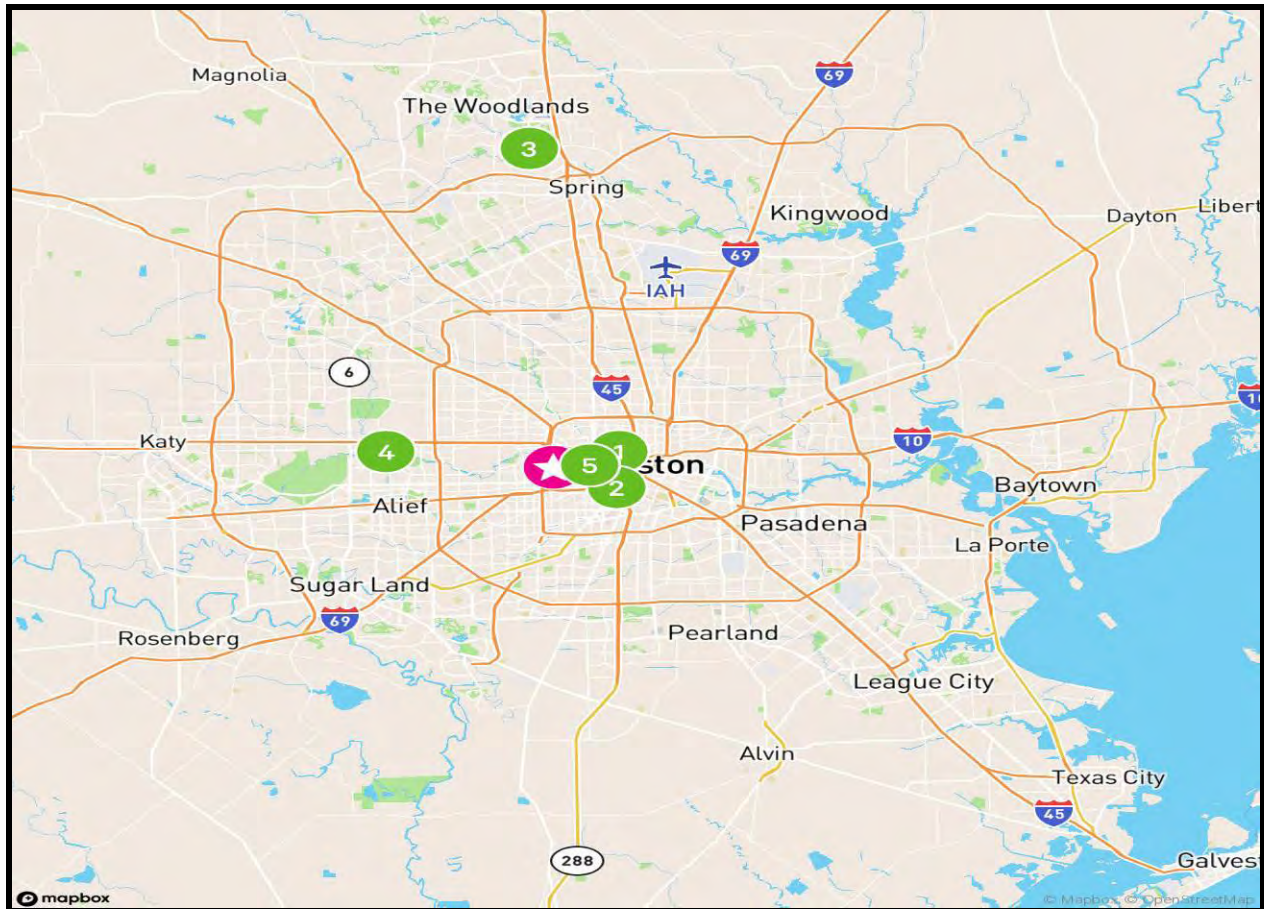
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<sup>7</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015), 119.

INSURABLE REPLACEMENT COST (AS RENOVATED)			
Primary Building Type:	Multifamily	Height per Story:	9'
Effective Age:	10 (After Renovation)	Number of Buildings:	2
Condition:	New	Gross Building Area:	199,677 SF
Exterior Wall:	Brick	Net Rentable Area:	181,750 SF
Number of Units:	204	Average Unit Size:	891 SF
Number of Stories:	6-7		
MVS Sec/Page	14/34	12/16	1216
Quality/Bldg. Class	Average/C	Average/C	Average/C
Building Component	Parking	Bldg 1.	Bldg 2
	Garage		
Component Sq. Ft.	17,927 SF	109,050 SF	72,700 SF
Base Square Foot Cost	\$121.00	\$82.00	\$82.00
Square Foot Refinements			
Sprinklers	\$2.50	\$2.50	\$2.50
Appliances at \$3,500/Unit		\$2.62	\$5.89
5 Elevators at \$100,000 Each		\$2.75	\$2.75
Subtotal	\$123.50	\$89.87	\$93.14
Height and Size Refinements			
Number of Stories Multiplier	1.000	1.000	1.000
Height per Story Multiplier	1.000	1.000	1.000
Floor Area Multiplier	1.000	1.000	1.000
Subtotal	\$123.50	\$89.87	\$93.14
Cost Multipliers			
Current Cost Multiplier	1.23	1.23	1.23
Local Multiplier	0.93	0.93	0.93
Final Square Foot Cost	\$141.27	\$102.80	\$106.55
Base Component Cost	\$2,532,577	\$11,210,592	\$7,745,976
Base Building Cost	(via Marshall Valuation Service cost data)		\$21,489,145
Insurable Exclusions	10.0% of Total Building Cost		(\$2,148,914)
Indicated Insurable Replacement Cost			\$19,340,230
Rounded			\$19,300,000
Value Per Unit			\$94,608
Compiled by CBRE			

## Sales Comparison Approach (Multifamily)

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE MULTIFAMILY SALES															
No.	Property Name	Transaction Type	Date	Interest Transferred	YOC / Reno'd	Property Subtype	No. Units	Avg. Unit Size	Distance from Subj	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	Occ.	NOI Per Unit	OAR
1	27Seventy Lower Heights fka Alexan Lower Heights, 2770 Summer Street Houston, TX 77007	Sale	Sep-21	Leased Fee	2021	Multi-unit Mid / High Rise	375	863	4.0 Miles	\$110,000,000	\$110,000,000	\$293,333	94%	\$11,461	3.91%
2	The Carter, 4 Chelsea Blvd Houston, TX 77006	Sale	Oct-21	Leased Fee	2017	Multi-unit Mid / High Rise	305	1,095	4.0 Miles	\$94,500,000	\$94,500,000	\$309,836	92%	\$11,719	3.78%
3	Townhomes at Woodmill Creek, 25145 Panther Bend Ct The Woodlands, TX 77380	Sale	Oct-21	Leased Fee	2016	Multi-unit Garden	171	1,377	26 Miles	\$55,062,000	\$55,062,000	\$322,000	93%	\$11,285	3.50%
4	Domain Memorial, 14800 Memorial Drive Houston, TX 77079	Sale	Mar-22	Leased Fee	2016	Multi-unit Garden	313	1,351	9.8 Miles	\$100,000,000	\$100,000,000	\$319,489	95%	\$13,566	4.25%
5	Village on Memorial Heights fka AMLI Memorial Heights, 3003 Memorial Court Houston, TX 77007	Sale	Oct-21	Leased Fee	2001	Multi-unit Garden	380	1,195	3.6 Miles	\$93,500,000	\$93,500,000	\$246,053	96%	\$8,934	3.63%
Subj. Pro Forma	50 Briar Hollow Ln, 50 Briar Hollow Ln Houston, TX 77027	---	---	---	1988	Multifamily Mid/High Rise	204	891	---	---	---	---	93%	\$11,693	---
<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable) Compiled by CBRE															

<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)  
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. They were selected from our research of comparable improved sales within the greater Houston area. These sales were chosen based upon their similar location, physical features, construction quality and income characteristics.

## DISCUSSION/ANALYSIS OF IMPROVED SALES

### Improved Sale One

This comparable represents a mid / high rise-style, multifamily property consisting of 375 units and is situated on a 5-acre parcel at 2770 Summer Street, Houston, TX. The improvements were originally constructed in 2021 and were considered in new condition at the time of sale. The exterior walls depict brick veneer construction components. The average unit size was 863 square feet and project/unit amenities included the following: barbeque area, business center, clubhouse, conference room, courtyard, decorative water element, dog grooming station, dog park/run, electric car charging station, fitness center, outdoor fireplace, pool, yoga/spin room, elevators, gated/controlled access, ground-level retail, interior corridors, structured parking, 10-foot ceilings, ceiling fans. The property sold in September 2021 for \$110,000,000, or \$293,333 per unit. Pro Forma (Stabilized) net operating income at the time of sale was \$4,297,817, or \$11,461 per unit, for an overall capitalization rate of 3.91%. The property's EGM was calculated as 13.11 and occupancy at the time of sale was 94%.

No.	Property Name	Transaction Type	Transaction Date	Interest Transferred	YOC / Reno'd	Property Subtype	No. Units	Avg. Unit Size	Distance from Subj	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	Occ.	NOI Per Unit	OAR
1	27Seventy Lower Hjeights fka Alexan Lower Heights	Sale	Sep-21	Leased Fee	2021	Multi-unit Mid / High Rise	375	863	4.0 Miles	\$110,000,000	\$110,000,000	\$293,333	94%	\$11,461	3.91%

### Improved Sale Two

This comparable represents a mid / high rise-style, multifamily property consisting of 305 units and is situated on a 1.7269-acre parcel at 4 Chelsea Blvd, Houston, TX. The improvements were originally constructed in 2017 and were considered in good condition at the time of sale. The exterior walls depict concrete construction components. The average unit size was 1,095 square feet and project/unit amenities included the following: billiards, business center, clubhouse, concierge, fitness center, pool, storage units, yoga/spin room, elevators, fire sprinklered, flat roofs, gated/controlled access, interior corridors, interior stairwells, structured parking, 9-foot ceilings, ceiling fans, double-pane windows, garden tubs, hardwood flooring. The property sold in October 2021 for \$94,500,000, or \$309,836 per unit. Pro Forma (Stabilized) net operating income at the time of sale was \$3,574,385, or \$11,719 per unit, for an overall capitalization rate of 3.78%. The property's EGM was calculated as 11.92 and occupancy at the time of sale was 92%.

No.	Property Name	Transaction Type	Transaction Date	Interest Transferred	YOC / Reno'd	Property Subtype	No. Units	Avg. Unit Size	Distance from Subj	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	Occ.	NOI Per Unit	OAR
2	The Carter	Sale	Oct-21	Leased Fee	2017	Multi-unit Mid / High Rise	305	1,095	4.0 Miles	\$94,500,000	\$94,500,000	\$309,836	92%	\$11,719	3.78%



### Improved Sale Three

This comparable represents a garden-style, multifamily property consisting of 171 units and is situated on a 9.8839-acre parcel at 25145 Panther Bend Ct, The Woodlands, TX. The improvements were originally constructed in 2016 and were considered in excellent condition at the time of sale. The exterior walls depict masonry construction components. The average unit size was 1,377 square feet and project/unit amenities included the following: barbeque area, business center, clubhouse, cybercafé, demonstration kitchen, dog park/run, fitness center, outdoor kitchen, pool, yoga/spin room, attached garages, fire sprinklered, gated/controlled access, on-site management, surface parking, 9-foot ceilings, carpeted flooring, ceiling fans, ceramic tile flooring, garden tubs. The property sold in October 2021 for \$55,062,000, or \$322,000 per unit. Pro Forma (Stabilized) net operating income at the time of sale was \$1,929,718, or \$11,285 per unit, for an overall capitalization rate of 3.5%. The property's EGIM was calculated as 13.45 and occupancy at the time of sale was 93%.

No.	Property Name	Transaction Type	Date	Interest Transferred	YOC / Reno'd	Property Subtype	No. Units	Avg. Unit Size	Distance from Subj	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	Occ.	NOI Per Unit	OAR
3	Twonhomeks at Wodmill Creek	Sale	Oct-21	Leased Fee	2016	Multi-unit Garden	171	1,377	26 Miles	\$55,062,000	\$55,062,000	\$322,000	93%	\$11,285	3.50%

### Improved Sale Four

This comparable represents a garden-style, multifamily property consisting of 313 units and is situated on a 12.7101-acre parcel at 14800 Memorial Drive, Houston, TX. The improvements were originally constructed in 2016 and were considered in good condition at the time of sale. The exterior walls depict stucco construction components. The average unit size was 1,351 square feet and project/unit amenities included the following: barbeque area, business center, clubhouse, cybercafé, fitness center, pool, yoga/spin room, attached garages, fire sprinklered, gated/controlled access, on-site management, pitched roofs, 10-foot ceilings, ceiling fans, ceramic tile flooring, private patios/balconies, quartz countertops, stainless-steel appliances, washer/dryer, wine storage. The property sold in March 2022 for \$100,000,000, or \$319,489 per unit. Pro Forma (Stabilized) net operating income at the time of sale was \$4,246,221, or \$13,566 per unit, for an overall capitalization rate of 4.25%. The property's EGIM was calculated as 12.60 and occupancy at the time of sale was 95%.

No.	Property Name	Transaction Type	Date	Interest Transferred	YOC / Reno'd	Property Subtype	No. Units	Avg. Unit Size	Distance from Subj	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	Occ.	NOI Per Unit	OAR
4	Domain Memorial	Sale	Mar-22	Leased Fee	2016	Multi-unit Garden	313	1,351	9.8 Miles	\$100,000,000	\$100,000,000	\$319,489	95%	\$13,566	4.25%

### Improved Sale Five

This comparable represents a garden-style, multifamily property consisting of 380 units and is situated on a 10-acre parcel at 3003 Memorial Court, Houston, TX. The improvements were originally constructed in 2001 and were considered in good condition at the time of sale. The exterior walls depict brick veneer construction components. The average unit size was 1,195 square feet and project/unit amenities included the following: barbeque area, business center,

clubhouse, dog park/run, fitness center, jacuzzi/hot tub, on-site security, pool, walking trail, yoga/spin room, elevators, gated/controlled access, on-site management, pitched roofs, structured parking, 9-foot ceilings, black appliances, carpeted flooring, ceiling fans, fireplace. The property sold in October 2021 for \$93,500,000, or \$246,053 per unit. Pro Forma (Stabilized) net operating income at the time of sale was \$3,394,855, or \$8,934 per unit, for an overall capitalization rate of 3.63%. The property's EGIM was calculated as 11.87 and occupancy at the time of sale was 96%.

No.	Property Name	Transaction Type	Transaction Date	Interest Transferred	YOC / Reno'd	Property Subtype	No. Units	Avg. Unit Size	Distance from Subj	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Price Per Unit <sup>1</sup>	Occ.	NOI Per Unit	OAR
5	Village on Memorial Heights fka AMLI Memorial Heights	Sale	Oct-21	Leased Fee	2001	Multi-unit Garden	380	1,195	3.6 Miles	\$93,500,000	\$93,500,000	\$246,053	96%	\$8,934	3.63%

## SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

MULTIFAMILY SALES ADJUSTMENT GRID						
Comparable Number	1	2	3	4	5	Subj. Pro Forma
Transaction Type	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Sep-21	Oct-21	Oct-21	Mar-22	Oct-21	---
Interest Transferred	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	---
Year Built/Renovated	2021	2017	2016	2016	2001	1988
Property Subtype	Multi-unit Mid / High Rise	Multi-unit Mid / High Rise	Multi-unit Garden	Multi-unit Garden	Multi-unit Garden	Multifamily Mid/High Rise
No. Units	375	305	171	313	380	204
Avg. Unit Size	863	1,095	1,377	1,351	1,195	891
Actual Sale Price	\$110,000,000	\$94,500,000	\$55,062,000	\$100,000,000	\$93,500,000	---
Adjusted Sale Price <sup>1</sup>	\$110,000,000	\$94,500,000	\$55,062,000	\$100,000,000	\$93,500,000	---
Price Per Unit <sup>1</sup>	\$293,333	\$309,836	\$322,000	\$319,489	\$246,053	---
Occupancy	94%	92%	93%	95%	96%	93%
NOI Per Unit	\$11,461	\$11,719	\$11,285	\$13,566	\$8,934	\$11,693
OAR	3.91%	3.78%	3.50%	4.25%	3.63%	---
Adj. Price Per Unit	\$293,333	\$309,836	\$322,000	\$319,489	\$246,053	---
Property Rights Conveyed	0%	0%	0%	0%	0%	0%
Financing Terms <sup>1</sup>	0%	0%	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%	0%	0%
Market Conditions (Time)	2%	1%	2%	1%	2%	---
Subtotal - Price Per Unit	\$299,200	\$312,934	\$328,440	\$322,684	\$250,974	---
Location	10%	10%	10%	10%	10%	---
Project Size	-10%	-5%	0%	-5%	-5%	---
Age/Condition	-10%	-5%	-5%	-5%	-5%	---
Quality of Construction	0%	0%	5%	5%	10%	---
Avg. Unit Size	0%	-5%	-15%	-10%	-5%	---
Project Amenities	0%	0%	0%	0%	0%	---
Parking	0%	0%	-5%	-5%	0%	---
Retail	0%	0%	0%	0%	0%	---
Total Other Adjustments	-10%	-5%	-10%	-10%	5%	---
Indicated Value Per Unit	\$269,280	\$297,288	\$295,596	\$290,415	\$263,522	---
Absolute Adjustment	32%	26%	42%	41%	37%	---

<sup>1</sup> Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)

Compiled by CBRE

The comparables used in this analysis had unadjusted sale prices ranging from \$246,053 to \$322,000 per unit. Based on our comparative analysis, the following discussion summarizes the adjustments warranted to each comparable.

**Market Conditions (Time):** All of the comparables received an upward adjustment for market conditions (time) due to the improving market conditions (3.0% annually) since the date of sale.

**Location:** All of the comparables received upward adjustments for location due to these comparables being located in inferior locations than the subject property. Below shows the comparable demographics and the adjustments made to each property in comparison to the subject property:

IMPROVED SALES LOCATION ADJUSTMENT ANALYSIS						
Comparable Number	Subject	1	2	3	4	5
Address	50 Briar Hollow Ln	2770 Summer Street	4 Chelsea Blvd	25145 Panther Bend Ct	14800 Memorial Drive	3003 Memorial Court
Radius for Demographic Analysis	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius	3 Mile Radius
2021 Households	91,317	98,800	103,372	26,991	52,404	101,200
2021 Average Household Income	\$155,003	\$136,540	\$130,878	\$122,384	\$115,401	\$139,777
AHI Relative to Subject	---	-11.9%	-15.6%	-21.0%	-25.5%	-9.8%
2021 Median Value of Owner Occupied Housing Units	\$604,183	\$439,461	\$475,662	\$315,215	\$378,199	\$454,454
2021 % Renter Occupied Housing Units	53.9%	52.0%	57.9%	43.0%	55.0%	53.5%
2021 % College/Graduate Degree Age 25+	73.3%	62.4%	71.4%	48.7%	57.5%	65.2%
2021 Median Age	38.8	36.5	35.5	37.1	37.8	36.6
Indicated Qualitative Adjustment	---	Inferior	Inferior	Inferior	Inferior	Inferior
Concluded Quantitative Adjustment	---	10%	10%	10%	10%	10%
Compiled by CBRE						

**Age/Condition:** All of the comparables received a downward adjustment due to the comparables newer year of construction in comparison with the subject property.

**Quality of Construction:** Comparables Three, Four and Five received upward adjustments due to the comparables being of a garden style apartment while the subject property will be mid/high rise apartment. Additionally, comparable received additional upward adjustments due to having a lower NOI per unit than the subject property.

**Average Unit Size:** Comparables Two, Three, Four and Five received downward adjustments given the premise that larger average unit size properties typically sell for higher prices per unit than otherwise comparable smaller average unit size properties like the subject.

**Parking:** Comparables Three and Four received downward adjustments due to these properties having individual attached garages while the subject property has parking garage.

After making warranted adjustments for location and physical characteristics, these comparables provided an indicated adjusted range of value of \$263,522 to \$312,018 per unit.

**EFFECTIVE GROSS INCOME MULTIPLIER ANALYSIS**

The EGIM reflects the relationship between effective gross annual income and sales price. The following illustrates the EGIM for each of the sales analyzed herein.

<b>EFFECTIVE GROSS INCOME MULTIPLIER ANALYSIS</b>			
Sale No.	Occupancy	OER	EGIM
4	95%	46.49%	12.6
1	94%	48.80%	13.11
<b>Subject</b>	<b>92%</b>	<b>51.38%</b>	<b>---</b>
3	93%	52.88%	13.45
2	92%	54.90%	11.92
5	96%	56.91%	11.87
Compiled by CBRE			

Generally speaking, as occupancy levels and expense ratios increase, EGIMs tend to decrease. Based upon this relationship and given the subject's stabilized occupancy and mid-level OER estimates, an EGIM in the middle portion of the range is appropriate.

**SALES COMPARISON APPROACH CONCLUSION**

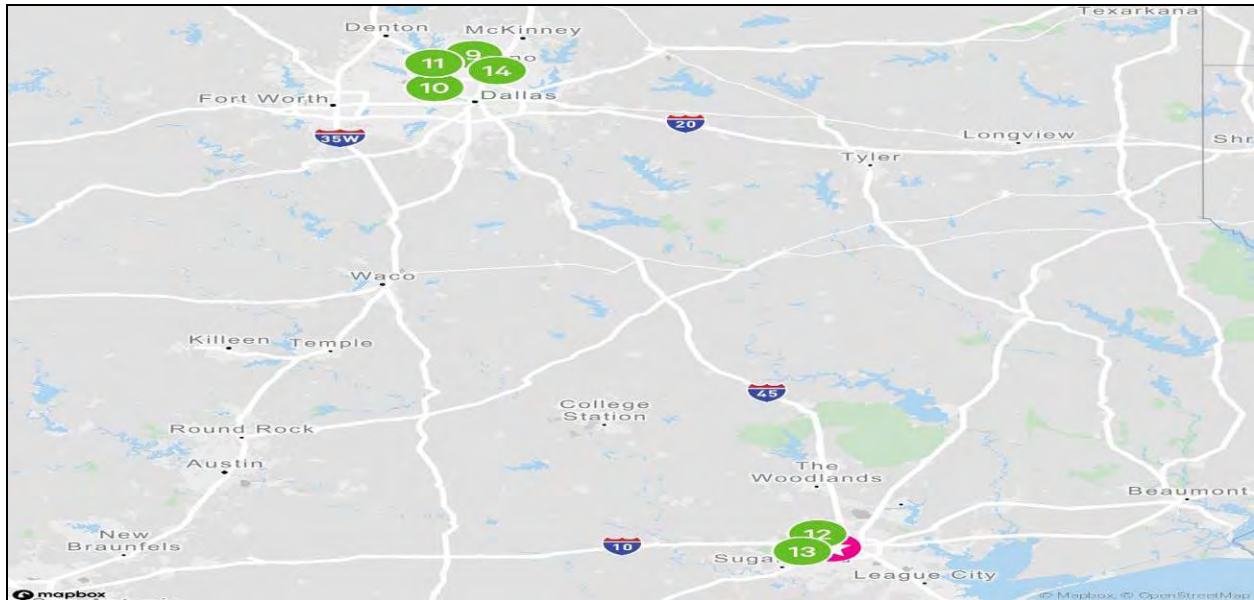
Although all of the comparables received equal consideration, primary emphasis was given to comparables One and Two due to their lower absolute adjustments. In conclusion, a price per unit indication in the range of comparables One and Two is deemed appropriate. The following table presents the valuation conclusion:

<b>SALES COMPARISON APPROACH</b>				
Total Units	X	Value Per Unit	=	Value
204	X	\$273,000	=	\$55,692,000
204	X	\$276,000	=	\$56,304,000
EGI	X	EGIM	=	Value
\$4,906,628	X	11.25	=	\$55,199,561
\$4,906,628	X	11.50	=	\$56,426,218
<b>VALUE CONCLUSION</b>				
<b>Indicated Hypothetical As If Stabilized Value</b>				<b>\$56,000,000</b>
<b>Rounded</b>				<b>\$56,000,000</b>
Lease-Up Discount				-
<b>Stabilized Value Per Unit</b>				<b>\$274,510</b>
Compiled by CBRE				

The estimated stabilized value equates to approximately \$274,510 per unit. This falls within the adjusted range of \$263,522 to \$297,288 per unit indicated by the comparable sales, thereby lending support to our value conclusion.

## Sales Comparison Approach (Office)

CBRE has provided additional comparable sales for office buildings to derive to a as-is value for the subject property as an office building. The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda. Although, these office sales were not purchased for multi-family conversion we consider these fee simple 0% occupancy sales to be the best comparables for this analysis.



SUMMARY OF COMPARABLE OFFICE SALES											
No.	Name	Transaction Type	Date	Interest Transferred	Land (Acres)	YOC / Reno'd	Property Subtype	NRA (SF)	Actual Sale Price	Adjusted Sale Price <sup>1</sup>	Occ.
9	5000 Headquarters - former McAfee HQ, 5000 Headquarters Drive SWQ Preston Road and Headquarters Plano, TX 75024	Sale	Nov-21	Fee Simple/Freehold	20.94	2002	Single Tenant	167,420	\$32,000,000	\$25,466,000	0%
10	Corporate Office, 350 Phelps Drive Irving, TX 75038	Sale	May-21	Fee Simple/Freehold	2.97	1980 / 2015	Single Tenant	54,971	\$7,800,000	\$7,800,000	0%
11	5301 Legacy Drive Office Building, 5301 Legacy Drive Plano, TX 75024	Sale	Dec-19	Fee Simple/Freehold	19.66	1998	Single Tenant	287,044	\$50,000,000	\$35,987,460	0%
12	Camillo HQ, 13141 Northwest Freeway Houston, TX 77040	Sale	Dec-19	Fee Simple/Freehold	4.91	1979	Single Tenant	51,345	\$4,850,000	\$4,850,000	0%
13	Parcel 112 AAQ, 10555 Richmond Avenue Houston, TX 77042	Sale	Nov-19	Fee Simple/Freehold	3.04	1981 / 2013	Single Tenant	49,865	\$7,000,000	\$7,000,000	0%
14	West Coast University Building, 2323 North Central Expressway Richardson, TX 75080	Sale	Sep-19	Fee Simple/Freehold	11.14	1985 / 2017	Single Tenant	136,491	\$21,800,000	\$18,100,000	0%
Subj. Pro Forma	50 Briar Hollow Ln, 50 Briar Hollow Ln, Houston, Texas	---	---	---	3.17	1988		181,750	---	---	93.00%
<sup>1</sup> Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable) Compiled by CBRE											



The sales utilized represent the best data available for comparison of sales of office buildings with the subject. They were selected from our research of comparable improved office sales within the similar markets of the subject property. These sales were chosen based upon their similar location, physical features, construction quality and income characteristics. Because of relatively high land value estimated in the subject property and the urban nature of the highly desirable immediate neighborhood surrounding the subject property, the subject is a very unique asset. Neighboring multi-family assets are at high occupancy and higher than average metro rental rates. As office buildings have declined in occupancy/demand and rental rates since the start of the Covid-19 health event, the trends have been downward for many older office products in competitive market areas. The comparables above represent similar vacant office buildings in similar markets.

## DISCUSSION/ANALYSIS OF IMPROVED OFFICE SALES

### Improved Office Sale One

This comparable is the former single tenant McAfee HQ office well located at the southwest corner of Preston Road and Headquarters Drive in the popular Legacy Business Park. The grantee was CCI out of Austin, TX that reported at sales price of \$32,000,000 as vacant or \$191.14 per square foot. After deducting a reasonable \$30.00/SF land value for the 5 excess acres at the west portion of the property or \$6,534,000, the net price to the office building and parking lot would be \$25,466,000 or \$152.11 per square foot. The property appears to include approximately 5 acres of vacant land (per CCAD and aerial) to the west for future expansion or resell. Reportedly had a small older data center component. Features dual electrical service from separate substations, independent electrical service to each individual server, a compartmentalized transformer/ generator array and special performance commissioning. The headquarters office component includes engineering labs, a customer care center, an executive briefing center, and a corporate cafeteria

Upon comparison with the subject, this comparable was considered inferior in terms of size and received an upward adjustment for this characteristic due to having significantly more square footage than the subject property. A downward adjustment was applied to this comparable for its superior quality of construction attribute when compared to the subject, based upon a superior construction class. Overall, the adjustments applied to this comparable resulted in a net adjustment of zero, whereby the property was deemed similar in comparison to the subject.

### Improved Office Sale Two

This comparable represents a 54,971-square foot, 4-story, Class B, single-tenant office facility located at 350 Phelps Drive, Irving, Dallas County, Texas 75038. The improvements were originally constructed in 1980, were renovated in 2015, and are situated on a 129,373 SF (2.97 Acs.) site. The property is well located within Irving adjacent to the TPC Four Seasons Las Colinas Golf Course. The improvements feature several amenities including multiple conference rooms,

an “executive floor” with upgraded office space and finishes, two banquet rooms, and covered parking. The reported parking ratio is 3.73/1,000 SF. The property was owner-occupied by Park Place Motocars at the time of contract, and was sold in May 2021 for \$7,800,000, or \$141.89 per square foot. The buyer is Asbury Automotive Group, who plans to owner-occupy the property following closing.

The upward adjustment for location reflects this comparable's inferior submarket. Upon comparison with the subject, this comparable was considered superior in terms of size and received a downward adjustment for this characteristic due to having significantly fewer square feet than the subject property. An adjustment for parking was considered appropriate for this comparable given a lower parking ratio. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### Improved Office Sale Three

This comparable is a 285,000 rentable-square-foot, Class A office building located at 5301 Legacy Drive in Plano, TX. The 3-story improvements were built in 1998 and are situated on a 19.66-acre site. The property includes surface and garage parking at a ratio of 3.06/1,000 SF and was in good condition at the time of sale. Champion Partners reportedly purchased the soon-to-be vacant building in December 2019 for approximately \$50,000,000 or \$175.44 per square foot. However, there was 5.289 acres of excess land with buyer's \$25.00/SF allocation or \$5,760,025. Subtracting the excess land value from the total sales price of \$50 million, the net price to the building was \$49,994,239 or \$174.17 per square foot. According to the buyer, the tenant (Dr. Pepper/Snapple) leased the property back through March 2021 (15 months or 1.25 years after the sale date) at a rental rate of \$23.00/SF, NNN. This lease income totaling \$8,252,515 ( $\$23.00/\text{SF} \times 1.25 \text{ yrs.} \times 287,044 \text{ SF}$ ) is also deducted from the \$50,000,000 sale price in order to derive the Fee Simple As Vacant purchase price to the investor. The total capital adjustment downward from the \$50 million price was \$14,012,540 ( $\$5,760,025 + \$8,252,515$ ) and equates to a Fee Simple As Vacant price to the investor of \$35,987,460 or \$125.37/SF. Buyer plans \$11,000,000 to \$12,000,000 in renovations and release the building to new tenants.

The downward market conditions (time) adjustment reflects the declining market conditions since the date of sale. Upon comparison with the subject, this comparable was considered inferior in terms of size and received an upward adjustment for this characteristic due to having significantly more square footage than the subject property. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. An adjustment for parking was considered appropriate for this comparable given a lower parking ratio. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior

in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

#### Improved Office Sale Four

This is a sale of a 51,345 SF office building located at 13141 Northwest Freeway in Houston, TX. The property was two stories featuring Class B steel and glass construction and was situated on a 4.91 acre parcel. At the time of sale the property was occupied by ADP on a short-term lease through March 2020. It was effectively vacant and being purchased for owner-occupancy. The sale occurred on December 6, 2019 for \$4,850,000, or \$94.46 per square foot.

The downward market conditions (time) adjustment reflects the declining market conditions since the date of sale. The upward adjustment for location reflects this comparable's inferior submarket location. Upon comparison with the subject, this comparable was considered superior in terms of size and received a downward adjustment for this characteristic due to having significantly fewer square feet than the subject property. In terms of age/condition, this comparable was judged inferior due to older construction and more long-lived physical deterioration and received an upward adjustment for this characteristic. An upward adjustment was applied to this comparable for its inferior quality of construction attribute when compared to the subject, based upon an inferior construction class. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

#### Improved Office Sale Five

This comparable represents a 49,865-square-foot, Class B single tenant office property, which is situated on a 3.04-acre parcel at 10555 Richmond Avenue, Houston, TX. The 4-story improvements were originally constructed in 1981 and were considered in good condition at the time of sale. The exterior walls depict brick construction components. The parking type is described as surface with a parking ratio of 3.79 spaces per 1,000 square feet. The property sold in November 2019 for \$7,000,000, or \$140.38 per square foot. Pro Forma (Stabilized) net operating income at the time of sale was \$575,000, or \$11.53 per square foot, for an overall capitalization rate of 8.21%. Occupancy at the time of sale was 0%. The property was purchased by an owner-user.

The downward market conditions (time) adjustment reflects the declining market conditions since the date of sale. Upon comparison with the subject, this comparable was considered superior in terms of size and received a downward adjustment for this characteristic due to having significantly fewer square feet than the subject property. An upward adjustment was applied to this comparable for its inferior quality of construction attribute when compared to the subject, based upon an inferior construction class. An adjustment for parking was considered appropriate for this comparable given a lower parking ratio. Because of this inferior trait, an upward adjustment was considered appropriate. Overall, this comparable was deemed inferior

in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### Improved Office Sale Six

This comparable is a 136,491 gross and rentable-square-foot, 3-story, office building located at 2323 North Central Expressway in Richardson, Texas and was acquired in September 2019 for the future use as the West Coast University campus. The building was completed in 1986, most recently partially renovated in 2017 (approximately \$1.5-\$2.0 million spent by the prior owners-lobby/atrium, restrooms, corridors, rooftop chillers replaced), and is considered to be in overall good condition. The property consists of a 17.93-acre site (of which, approximately 11.14 acres represent the improved site, and 6.79 acres are considered to be excess land). The building is considered to be a Class A property in this market. The property was previously owner-occupied by Fossil, Inc. who vacated the property in June 2011 when the property was purchased by KDC. The building was renovated by KDC in 2017 for marketing purposes. Currently, the property is 0.0% occupied and will reportedly be leased to West Coast University via an in-house lease that is projected by the new owners to commence in August 2021 after the completion of interior finish-out (the office/classroom areas are currently in shell condition). The property was purchased in September 2019 for a reported \$21,800,000 or \$159.72 per square foot as vacant and partially renovated, but included an estimated 6.79 acres of vacant land, estimated by the appraisers to be approximately \$3,700,000 of the overall purchase price. The net purchase price for the building/main site improvements and underlying 11.14 acres of land is \$18,100,000 or \$132.61 per square foot. According to the buyer, the property was previously under contract at \$22,400,000 or \$164.11 per square foot but was further reduced due to negotiations with the seller after the buyer performed their property inspection.

The downward market conditions (time) adjustment reflects the declining market conditions since the date of sale. The upward adjustment for location reflects this comparable's inferior submarket location. Upon comparison with the subject, this comparable was considered inferior in terms of size and received an upward adjustment for this characteristic due to having significantly more square footage than the subject property. An upward adjustment was applied to this comparable for its inferior quality of construction attribute when compared to the subject, based upon an inferior construction class. An adjustment for parking was considered appropriate for this comparable given a higher parking ratio. Because of this superior trait, a downward adjustment was considered appropriate. Overall, this comparable was deemed inferior in comparison to the subject and an upward net adjustment was warranted to the sales price indicator.

### SUMMARY OF ADJUSTMENTS (OFFICE)

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

## Sales Comparison Approach

MULTIFAMILY SALES ADJUSTMENT GRID							Subj. Pro Forma
Comparable Number	9	10	11	12	13	14	
Transaction Type	Sale	Sale	Sale	Sale	Sale	Sale	---
Transaction Date	Nov-21	May-21	Dec-19	Dec-19	Nov-19	Sep-19	---
Interest Transferred	Fee	Fee	Fee	Fee	Fee	Fee	---
	Simple/Freehold	Simple/Freehold	Simple/Freehold	Simple/Freehold	Simple/Freehold	Simple/Freehold	
Year Built	2002	1980 / 2015	1998	1979	1981 / 2013	1985 / 2017	1988
Property Subtype	Single Tenant	Single Tenant	Single Tenant	Single Tenant	Single Tenant	Single Tenant	
Distance From Subject	244 Miles	233 Miles	243 Miles	7.1 Miles	6.8 Miles	235 Miles	
GBA (SF)	169,900	59,930	296,434	51,345	49,865	136,491	199,677
Actual Sale Price	\$32,000,000	\$7,800,000	\$50,000,000	\$4,850,000	\$7,000,000	\$21,800,000	---
Adjusted Sale Price <sup>1</sup>	\$25,466,000	\$7,800,000	\$35,987,460	\$4,850,000	\$7,000,000	\$18,100,000	---
Price Per SF <sup>1</sup>	\$152.11	\$141.89	\$125.37	\$94.46	\$140.38	\$132.61	---
Adj. Price Per SF	\$152.11	\$141.89	\$125.37	\$94.46	\$140.38	\$132.61	
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	
Financing Terms <sup>1</sup>	0%	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	0%	
Market Conditions (Time)	2.0%	3.0%	7.0%	8.0%	8.0%	8.0%	
Subtotal - Price Per SF	\$155.15	\$146.15	\$134.15	\$102.02	\$151.61	\$143.22	
Location	5%	10%	10%	20%	5%	15%	
Size	0%	10%	-5%	10%	10%	5%	
Age/Condition	-10%	-15%	-5%	5%	-10%	-10%	
Quality of Construction	-5%	0%	0%	0%	5%	0%	
Parking	0%	0%	0%	5%	5%	5%	
Amenities	0%	0%	0%	0%	0%	0%	
Total Other Adjustments	-10%	5%	0%	40%	15%	15%	
<b>Indicated Value Per SF</b>	<b>\$139.64</b>	<b>\$153.45</b>	<b>\$134.15</b>	<b>\$142.82</b>	<b>\$174.35</b>	<b>\$164.70</b>	
Absolute Adjustment	22%	38%	27%	48%	43%	43%	

<sup>1</sup> Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)

Compiled by CBRE

## SALES COMPARISON APPROACH CONCLUSION (OFFICE)

Although all of the sales received equal consideration, primary emphasis was placed on sales nine, ten and eleven due to their lowest absolute adjustment. The office comparable sales had an unadjusted range of \$140.38 to \$152.11 price per square foot and an adjusted range of \$134.15 to \$174.35 price per square foot.

SALES COMPARISON APPROACH (OFFICE)				
NRA (SF)	X	Value Per SF	=	Value
195,736	X	\$140.00	=	\$27,403,040
195,736	X	\$145.00	=	\$28,381,720

## VALUE CONCLUSION

Indicated Value As Is	<b>\$28,000,000</b>
Rounded	<b>\$28,000,000</b>
Value Per SF	<b>\$143.05</b>

Compiled by CBRE

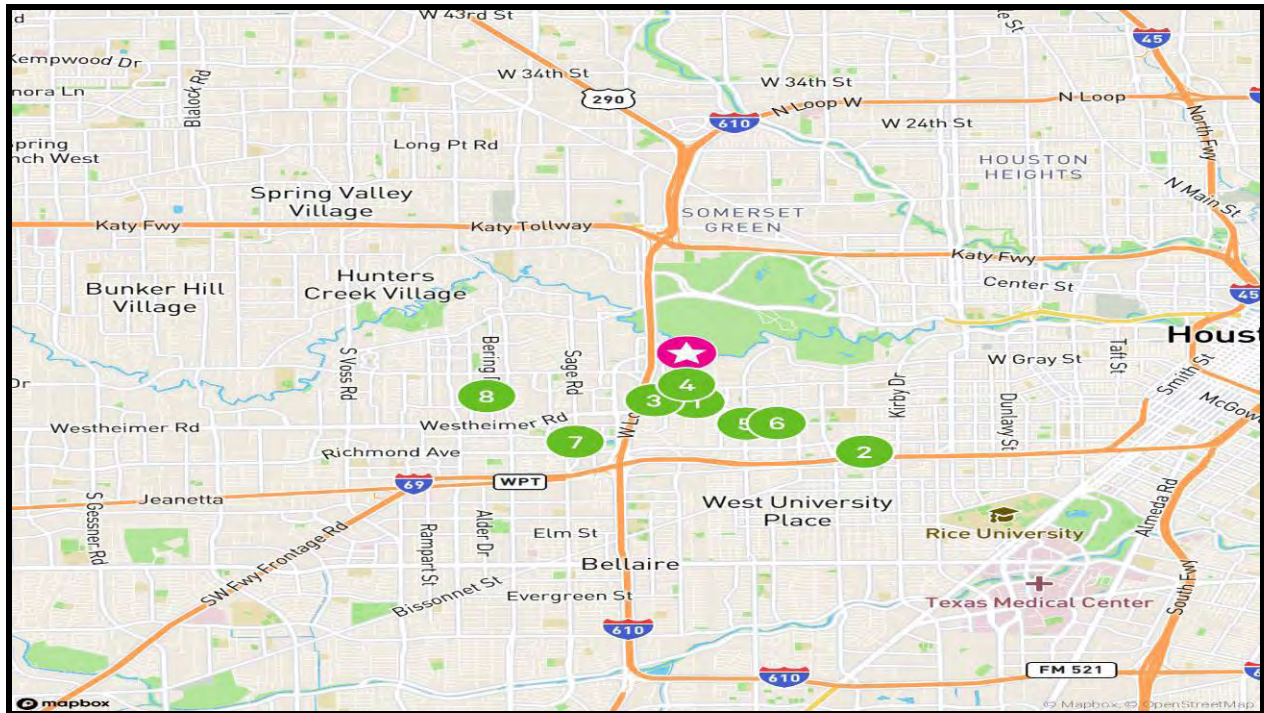
The comparable sales have an unadjusted value range of \$140.38 to \$152.11 per square foot and a adjusted value range of \$140.38 to \$152.11 price per square foot. CBRE has concluded to the middle portion of the range of sales nine, ten and eleven which is approximately \$143.05

value per square foot for the office building to arrive at an overall value of \$28,000,000 to arrive to our as is value of the office building. The subject property is currently under contract for \$28,000,000 and this is considered to be a good indication of current market value.



## Income Capitalization Approach

The following map and table summarize the primary comparable data used in the valuation of the subject. A detailed description of each comparable is included in the addenda.



**SUMMARY OF COMPARABLE MULTIFAMILY RENTALS**

No.	Property Name	Location	YOC / Reno'd	Property Subtype	Occ.	No. Units	Distance from Subj
1	The Ivy River Oaks	2311 Mid Lane Houston, TX 77027	2017	Multi-unit Mid / High Rise	88%	297	0.8 Miles
2	Avenue Grove	3815 Eastside Houston, TX 77098	2016	Multi-unit Mid / High Rise	89%	270	2.2 Miles
3	The Grey House River Oaks	4444 Westheimer Road Houston, TX 77027	2016	Multi-unit Lofts	95%	279	0.9 Miles
4	The James	2303 Mid Lane Houston, TX 77027	2015	Multi-unit Mid / High Rise	90%	342	0.7 Miles
5	Alexan River Oaks	3015 Wesleyan Street Houston, TX 77027	2021	Multi-unit Garden	88%	381	1.3 Miles
6	Gables Cityscape	3720 West Alabama Houston, TX 77027	1991 / 2014	Multi-unit Garden	96%	252	1.4 Miles
7	Gables Metropolitan Uptown	3300 Sage Road Houston, TX 77056	1996 / 2016	Multi-unit Garden	92%	318	1.7 Miles
8	Alister Galleria Apartments	2100 Bering Drive Houston, TX 77057	1991 / 2021	Multi-unit Garden	95%	200	1.9 Miles
Subj.	50 Briar Hollow Ln	50 Briar Hollow Ln, Houston, Texas	1988	Multifamily Mid/High Rise	0%	204	---

Compiled by CBRE

The rentals utilized represent the best data available for comparison with the subject. They were selected from our research near the subject. These comps were chosen based upon comparability of product class and proximity to the subject.

COMPARABLE ANALYSIS								
Comparable Name	The Ivy River Oaks	Avenue Grove	The Grey House River Oaks	The James	Alexan River Oaks	Gables Cityscape	Gables Metropolitan Uptown	Alister Galleria Apartments
Year Built	2017	2016	2016	2015	2021	1991	1996	1991
Year Renovated	--	--	--	--	--	2014	2016	2021
Characteristic	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7	Comparable 8
Location	○	○	○	○	○	○	○	○
Age/Condition	○	○	○	○	○	▼	▼	○
Design Appeal	▲	▲	▲	▲	▲	○	○	○
Quality of Construction	○	○	○	○	○	▼	▼	▼
Project Amenities	▲	▲	▲	▲	▲	○	○	○
Included Utilities	○	○	○	○	○	○	○	○
<b>Overall</b>	▲	▲	▲	▲	▲	▼	▼	▼
▼ = Inferior ○ = Similar ▲ = Superior								
Source: CBRE								

## DISCUSSION/ANALYSIS OF RENT COMPARABLES

### Rent Comparable One

This comparable rental represents the Ivy River Oaks apartments, a 297-unit mid/high rise-style property at 2311 Mid Lane, Houston, TX. The improvements were originally constructed in 2017 and were considered in good condition at the time of our research. The structure's exterior walls depict brick veneer construction components, and the average unit size is 1,109 square feet. Project/unit amenities include the following: business center, clubhouse, concierge, conference room, cybercafé, fitness center, on-site security, outdoor kitchen, pool, theater, yoga/spin room, elevators, fire sprinklered, gated/controlled access, interior corridors, on-site management, structured parking, 10-foot ceilings, ceiling fans, garden tubs. According to the unit mix and asking rates for this property, the average base rental rate is \$2.56 per square foot monthly (\$2,839/unit), based upon typical lease terms of 12 months. No utilities are included with the rent and no concessions are currently offered. The property is currently 88% leased. This property is a newly built Class A high-rise property located in the Highland Village/Upper Kirby/West U submarket. The property was built in 2017 and parking is provided via a structured parking garage that totals 151,434 square feet according to the Harris County Appraisal District. Additionally, reserved parking is provided for a monthly fee of \$75 per month and detached garages rent for \$225.

As compared to the subject, this project was regarded as similar in terms of location, age/condition, quality of construction and included utilities, and superior in terms of design appeal and project amenities. Overall, this comparable is superior to the subject and we expect the subject to achieve rental rates that are below this project on a monthly basis.

### Rent Comparable Two

This comparable rental represents the Avenue Grove apartments, a 270-unit mid/high rise-style, property at 3815 Eastside, Houston, TX. The improvements were originally constructed in 2016 and were considered in good condition at the time of our research. The structure's exterior walls depict brick veneer construction components, and the average unit size is 984 square feet. Project/unit amenities include the following: barbeque area, business center, clubhouse, concierge, fitness center, pool, elevators, interior corridors, structured parking, 10-foot ceilings, dishwasher, granite countertops, stainless-steel appliances, tile backsplash, tub/shower combo, washer/dryer. According to the unit mix and asking rates for this property, the average base rental rate is \$2.24 per square foot monthly (\$2,053/unit). No rent premiums were reported. No utilities are included with the rent and no concessions are currently offered. The property is currently 89% leased. This comparable offers reserved parking spaces for \$50 a month. It is adjacent to Levy Park and access to the comparable is provided by the Southwest Freeway. The unit mix is a representative sample due to the number of floor plans at the property.

As compared to the subject, this project was regarded as similar in terms of location, age/condition, quality of construction and included utilities, and superior in terms of design appeal and project amenities. Overall, this comparable is superior to the subject and we expect the subject to achieve rental rates that are below this project on a monthly basis.

### Rent Comparable Three

This comparable rental represents the Grey House River Oaks apartments, a 279-unit lofts-style property at 4444 Westheimer Road, Houston, TX. The improvements were originally constructed in 2016 and were considered in excellent condition at the time of our research. The structure's exterior walls depict brick veneer construction components, and the average unit size is 1,004 square feet. Project/unit amenities include the following: business center, clubhouse, concierge, dog grooming station, electric car charging station, fitness center, outdoor fireplace, pool, tanning bed, elevators, fire sprinklered, interior corridors, structured parking, ceiling fans, ceramic tile flooring, gourmet kitchen, granite countertops, stainless-steel appliances, tile backsplash, under-cabinet lighting. According to the unit mix and asking rates for this property, the average base rental rate is \$2.32 per square foot monthly (\$2,323/unit), based upon typical lease terms of 12 months. No utilities are included with the rent and no concessions are currently offered. The property is currently 95% leased. This is a 5 story Class A elevator served property with air-conditioned corridors. Reserved parking spaces rent for \$100 a month.

As compared to the subject, this project was regarded as similar in terms of location, age/condition, quality of construction and included utilities, and superior in terms of design appeal and project amenities. Overall, this comparable is superior to the subject and we expect the subject to achieve rental rates that are below this project on a monthly basis.

### Rent Comparable Four

This comparable rental represents the James apartments, a 342-unit mid/high rise-style property at 2303 Mid Lane, Houston, TX. The improvements were originally constructed in 2015 and were considered in excellent condition at the time of our research. The structure's exterior walls depict brick veneer construction components, and the average unit size is 848 square feet. Project/unit amenities include the following: business center, concierge, conference room, courtyard, cybercafé, on-site security, playground, pool, storage units, elevators, flat roofs, gated/controlled access, interior corridors, interior stairwells, on-site management, structured parking, 10-foot ceilings, ceiling fans, gourmet kitchen, granite countertops. According to the unit mix and asking rates for this property, the average base rental rate is \$2.33 per square foot monthly (\$1,976/unit), based upon typical lease terms of 12 months. No rent premiums were reported. No utilities are included with the rent and no concessions are currently offered. The property is currently 90% leased. This is an 8 story Class A+ property with 344-units. The property is located on Mid Lane, just north of Westheimer Road just inside of Loop 610. Reserved parking spaces in the garage lease for \$75 per month and detached garages are offered for \$200 a month.

As compared to the subject, this project was regarded as similar in terms of location, age/condition, quality of construction and included utilities, and superior in terms of design appeal and project amenities. Overall, this comparable is superior to the subject and we expect the subject to achieve rental rates that are below this project on a monthly basis.

### Rent Comparable Five

This comparable rental represents the Alexan River Oaks apartments, a 381-unit garden-style property at 3015 Wesleyan Street, Houston, TX. The improvements were originally constructed in 2021 and were considered in new condition at the time of our research. The structure's exterior walls depict brick construction components, and the average unit size is 853 square feet. Project/unit amenities include the following: barbeque area, billiards, business center, clubhouse, cybercafé, dog grooming station, dog park/run, fitness center, game room, outdoor kitchen, under-building parking, granite countertops, stainless-steel appliances, tile backsplash. According to the unit mix and asking rates for this property, the average base rental rate is \$2.53 per square foot monthly (\$2,161/unit), based upon typical lease terms of 14 months. No rent premiums were reported. No utilities are included with the rent and concessions were reported as 2-8 weeks free with 15+ month lease. The property is currently 88% leased. Alexan River Oaks consist of four, six-story apartment buildings. It offers a 3-level parking garage with level one being basement parking, level two at grade and level three above grade. Construction was complete at the end of 2020.

As compared to the subject, this project was regarded as similar in terms of location, age/condition, quality of construction and included utilities, and superior in terms of design

appeal and project amenities. Overall, this comparable is superior to the subject and we expect the subject to achieve rental rates that are below this project on a monthly basis.

#### Rent Comparable Six

This comparable rental represents the Gables Cityscape apartments, a 252-unit garden-style, multi-unit garden property at 3720 West Alabama, Houston, TX. The improvements were originally constructed in 1991 and were considered in average condition at the time of our research. The structure's exterior walls depict brick veneer construction components, and the average unit size is 852 square feet. Project/unit amenities include the following: barbeque area, business center, courtyard, fitness center, pool, detached garages, private patios/balconies, stainless-steel appliances, vinyl flooring, washer/dryer. According to the unit mix and asking rates for this property, the average base rental rate is \$1.53 per square foot monthly (\$1,303/unit). No rent premiums were reported. No utilities are included with the rent and no concessions are currently offered. The property is currently 96% leased.

As compared to the subject, this project was viewed as inferior with respect to age/condition and quality of construction, while regarded as similar in terms of location, design appeal, project amenities and included utilities. Overall, this comparable is inferior to the subject and we expect the subject to achieve rental rates that are above this project on a monthly basis.

#### Rent Comparable Seven

This comparable rental represents the Gables Metropolitan Uptown apartments, a 318-unit garden-style, multi-unit garden property at 3300 Sage Road, Houston, TX. The improvements were originally constructed in 1996 and were considered in good condition at the time of our research. The structure's exterior walls depict stucco construction components, and the average unit size is 911 square feet. Project/unit amenities include the following: barbeque area, fitness center, on-site security, pool, elevators, gated/controlled access, structured parking, dishwasher, private patios/balconies, refrigerator, washer/dryer. According to the unit mix and asking rates for this property, the average base rental rate is \$1.60 per square foot monthly (\$1,455/unit), based upon typical lease terms of 12 months. No rent premiums were reported. Utilities included with the rent are trash and no concessions are currently offered. The property is currently 92% leased.

As compared to the subject, this project was viewed as inferior with respect to age/condition and quality of construction, while regarded as similar in terms of location, design appeal, project amenities and included utilities. Overall, this comparable is inferior to the subject and we expect the subject to achieve rental rates that are above this project on a monthly basis.

#### Rent Comparable Eight

This comparable rental represents the Alister Galleria Apartments, a 200-unit garden-style, multi-unit garden property at 2100 Bering Drive, Houston, TX. The improvements were originally constructed in 1991 and were considered in good condition at the time of our research. The

structure's exterior walls depict stucco construction components, and the average unit size is 903 square feet. Project/unit amenities include the following: clubhouse, pool, microwave oven, range/oven, refrigerator. According to the unit mix and asking rates for this property, the average base rental rate is \$1.66 per square foot monthly (\$1,503/unit), based upon typical lease terms of 6 months. Rent premiums were reported as some. No utilities are included with the rent and no concessions are currently offered. The property is currently 95% leased.

As compared to the subject, this project was viewed as inferior with respects to quality of construction, while regarded as similar in terms of location, design appeal, project amenities and included utilities. Overall, this comparable is inferior to the subject and we expect the subject to achieve rental rates that are above this project on a monthly basis.

### SUBJECT RENTAL INFORMATION

The following table shows the subject's unit mix and the developer's projected rental rates.

<b>SUBJECT RENTAL INFORMATION</b>					
Type	No. of Units	Unit Size (SF)	Unit Occ.	Avg. Projected \$/Unit	Rent Per SF
1BR/1BA	79	800	0%	\$1,950	\$2.44
2BR/2BA	50	850	0%	\$2,150	\$2.53
2BR/2BA	59	950	0%	\$2,450	\$2.58
3BR/2BA	16	1,250	0%	\$3,200	\$2.56
Total/Average:	204	891	0%	\$2,242	\$2.52
Compiled by CBRE					

It should be noted that the rates above are reflective of rent alone and do not include additional fees such as pet fees or month-to month fees. Additionally, any reoccurring concessions have been netted out.

### MARKET RENT ESTIMATE

In order to estimate the market rates for the various floor plans, the subject unit types have been compared with similar units in the comparable projects. The following is a discussion of each unit type.



## One-Bedroom Units

SUMMARY OF COMPARABLE RENTALS ONE BEDROOM UNITS				
Comparable	Plan Type	Size (SF)	Rental Rates	
			\$/Mo.	\$/SF
Gables Cityscape	1BR/1BA Den	894 SF	\$915	\$1.02
Gables Metropolitan Uptown	1BR/1BA	850 SF	\$1,260	\$1.48
Alister Galleria Apartments	1BR/1BA	857 SF	\$1,364	\$1.59
Gables Metropolitan Uptown	1BR/1BA	820 SF	\$1,300	\$1.59
Gables Metropolitan Uptown	1BR/1BA	742 SF	\$1,215	\$1.64
Gables Cityscape	1BR/1BA	737 SF	\$1,225	\$1.66
Alister Galleria Apartments	1BR/1BA Den	920 SF	\$1,548	\$1.68
Gables Metropolitan Uptown	1BR/1BA	663 SF	\$1,120	\$1.69
Gables Cityscape	1BR/1BA	749 SF	\$1,275	\$1.70
Gables Metropolitan Uptown	1BR/1BA	800 SF	\$1,385	\$1.73
Alister Galleria Apartments	1BR/1BA	784 SF	\$1,370	\$1.75
Gables Cityscape	1BR/1BA	676 SF	\$1,195	\$1.77
The Grey House River Oaks	1BR/1BA	1,228 SF	\$2,340	\$1.91
Gables Cityscape	1BR/1BA	614 SF	\$1,205	\$1.96
Avenue Grove	1BR/1BA	842 SF	\$1,669	\$1.98
Avenue Grove	1BR/1BA	879 SF	\$1,747	\$1.99
Avenue Grove	1BR/1BA	932 SF	\$1,869	\$2.01
The James	1BR/1BA	782 SF	\$1,575	\$2.01
Avenue Grove	1BR/1BA	802 SF	\$1,631	\$2.03
Avenue Grove	1BR/1BA	874 SF	\$1,774	\$2.03
Avenue Grove	1BR/1BA	709 SF	\$1,481	\$2.09
Avenue Grove	1BR/1BA	794 SF	\$1,658	\$2.09
Avenue Grove	1BR/1BA	819 SF	\$1,723	\$2.10
Avenue Grove	1BR/1BA	809 SF	\$1,700	\$2.10
The James	1BR/1BA	875 SF	\$1,842	\$2.11
Avenue Grove	1BR/1BA	886 SF	\$1,878	\$2.12
The James	1BR/1BA	720 SF	\$1,563	\$2.17
The James	1BR/1BA	810 SF	\$1,765	\$2.18
Avenue Grove	1BR/1BA	790 SF	\$1,729	\$2.19
Avenue Grove	1BR/1BA	739 SF	\$1,631	\$2.21
<b>Subject (Concluded)</b>	<b>1BR/1BA</b>	<b>800 SF</b>	<b>\$1,770</b>	<b>\$2.21</b>
Avenue Grove	1BR/1BA	623 SF	\$1,382	\$2.22
The James	1BR/1BA	778 SF	\$1,735	\$2.23
The James	1BR/1BA	720 SF	\$1,629	\$2.26
The James	1BR/1BA	837 SF	\$1,890	\$2.26
The James	1BR/1BA	729 SF	\$1,680	\$2.30
The James	1BR/1BA	787 SF	\$1,827	\$2.32
The James	1BR/1BA	756 SF	\$1,785	\$2.36
Alexan River Oaks	1BR/1BA	1,142 SF	\$2,710	\$2.37
The James	1BR/1BA	813 SF	\$1,925	\$2.37
The James	1BR/1BA	719 SF	\$1,714	\$2.38
The James	1BR/1BA	821 SF	\$1,989	\$2.42
<b>Subject (Avg. Quoted)</b>	<b>1BR/1BA</b>	<b>800 SF</b>	<b>\$1,950</b>	<b>\$2.44</b>

## Income Capitalization Approach

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The Ivy River Oaks	1BR/1BA	1,180 SF	\$2,880	\$2.44
The James	1BR/1BA	672 SF	\$1,639	\$2.44
The Grey House River Oaks	1BR/1BA	810 SF	\$1,990	\$2.46
The James	1BR/1BA	699 SF	\$1,733	\$2.48
Alexan River Oaks	1BR/1BA	850 SF	\$2,120	\$2.49
Alexan River Oaks	1BR/1BA	1,074 SF	\$2,690	\$2.50
Avenue Grove	1BR/1BA	984 SF	\$2,463	\$2.50
Alexan River Oaks	1BR/1BA	992 SF	\$2,490	\$2.51
The Ivy River Oaks	1BR/1BA	784 SF	\$1,971	\$2.51
Alexan River Oaks	1BR/1BA	910 SF	\$2,295	\$2.52
The Ivy River Oaks	1BR/1BA	896 SF	\$2,259	\$2.52
Alexan River Oaks	1BR/1BA	738 SF	\$1,870	\$2.53
The James	1BR/1BA	684 SF	\$1,735	\$2.54
Alexan River Oaks	1BR/1BA	675 SF	\$1,730	\$2.56
Alexan River Oaks	1BR/1BA	621 SF	\$1,595	\$2.57
Alexan River Oaks	1BR/1BA	710 SF	\$1,870	\$2.63
The James	1BR/1BA	749 SF	\$1,967	\$2.63
Alexan River Oaks	1BR/1BA	859 SF	\$2,280	\$2.65
The James	1BR/1BA	737 SF	\$2,062	\$2.80

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Compiled by CBRE

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The subject's projected rental rates are within the range indicated by the rent comparables on a per square foot basis and on a monthly basis. CBRE has concluded to lower rental rates due to the subject property having inferior unit amenities and project amenities than the comparables. Upon renovation completion CBRE has concluded for the subject property to be a class A- asset and therefore would have rental rates lower than the class A projects but higher than the class B properties.

## Two-Bedroom Units

SUMMARY OF COMPARABLE RENTALS TWO BEDROOM UNITS				
Comparable	Plan Type	Size (SF)	Rental Rates	
			\$/Mo.	\$/SF
Gables Cityscape	2BR/2BA	1,038 SF	\$1,485	\$1.43
Gables Cityscape	2BR/2BA Sunrm	1,118 SF	\$1,605	\$1.44
Gables Cityscape	2BR/2BA	949 SF	\$1,385	\$1.46
Gables Metropolitan Uptown	2BR/2BA	1,120 SF	\$1,655	\$1.48
Gables Cityscape	2BR/2BA	1,012 SF	\$1,515	\$1.50
Alister Galleria Apartments	2BR/2BA	1,123 SF	\$1,696	\$1.51
Gables Metropolitan Uptown	2BR/2BA	1,100 SF	\$1,670	\$1.52
Alister Galleria Apartments	2BR/2BA	973 SF	\$1,600	\$1.64
Avenue Grove	2BR/2BA	1,168 SF	\$2,310	\$1.98
Avenue Grove	2BR/2BA	115 SF	\$2,280	\$19.83
Avenue Grove	2BR/2BA	1,119 SF	\$2,326	\$2.08
Avenue Grove	2BR/2BA	1,124 SF	\$2,345	\$2.09
The Grey House River Oaks	2BR/2BA	1,481 SF	\$3,100	\$2.09
The James	2BR/2BA	1,056 SF	\$2,225	\$2.11
Avenue Grove	2BR/2BA	1,525 SF	\$3,229	\$2.12
Avenue Grove	2BR/2BA	1,432 SF	\$3,053	\$2.13
Avenue Grove	2BR/2BA	1,577 SF	\$3,468	\$2.20
The James	2BR/2BA	1,112 SF	\$2,463	\$2.21
The James	2BR/2BA	1,135 SF	\$2,538	\$2.24
<b>Subject (Concluded)</b>	<b>2BR/2BA</b>	<b>850 SF</b>	<b>\$1,920</b>	<b>\$2.26</b>
The James	2BR/2BA	1,059 SF	\$2,398	\$2.26
<b>Subject (Concluded)</b>	<b>2BR/2BA</b>	<b>950 SF</b>	<b>\$2,170</b>	<b>\$2.28</b>
The James	2BR/2BA	1,026 SF	\$2,339	\$2.28
Avenue Grove	2BR/2BA	1,389 SF	\$3,185	\$2.29
The James	2BR/2BA	1,096 SF	\$2,538	\$2.32
The James	2BR/2BA	1,091 SF	\$2,544	\$2.33
The Grey House River Oaks	2BR/2BA	1,154 SF	\$2,700	\$2.34
The Ivy River Oaks	2BR/2BA	1,678 SF	\$3,925	\$2.34
Avenue Grove	2BR/2BA	1,135 SF	\$2,676	\$2.36
The Ivy River Oaks	2BR/2BA	1,135 SF	\$2,675	\$2.36
The Ivy River Oaks	2BR/2BA	2,090 SF	\$4,955	\$2.37
Avenue Grove	2BR/2BA	1,360 SF	\$3,236	\$2.38
Alexan River Oaks	2BR/2BA	1,054 SF	\$2,515	\$2.39
Avenue Grove	2BR/2BA	1,362 SF	\$3,270	\$2.40
Alexan River Oaks	2BR/2BA	1,127 SF	\$2,740	\$2.43
The Ivy River Oaks	2BR/2BA	1,401 SF	\$3,430	\$2.45
Alexan River Oaks	2BR/2BA	1,152 SF	\$2,850	\$2.47
<b>Subject (Avg. Quoted)</b>	<b>2BR/2BA</b>	<b>850 SF</b>	<b>\$2,150</b>	<b>\$2.53</b>
Alexan River Oaks	2BR/2BA	1,100 SF	\$2,790	\$2.54
The Ivy River Oaks	2BR/2BA	1,521 SF	\$3,891	\$2.56
Alexan River Oaks	2BR/2BA	1,423 SF	\$3,650	\$2.57
<b>Subject (Avg. Quoted)</b>	<b>2BR/2BA</b>	<b>950 SF</b>	<b>\$2,450</b>	<b>\$2.58</b>
Alexan River Oaks	2BR/2BA	1,151 SF	\$3,030	\$2.63
Alexan River Oaks	2BR/2BA	1,160 SF	\$3,065	\$2.64
The Ivy River Oaks	2BR/2BA	1,486 SF	\$3,927	\$2.64
The Ivy River Oaks	2BR/2BA	1,827 SF	\$4,960	\$2.71
Compiled by CBRE				

All of the subject's projected rental rates are within the range indicated by the rent comparables on a per square foot basis and on a monthly basis. CBRE has concluded to lower rental rates due to the subject property having inferior unit amenities and project amenities than the subject comparables. Upon renovation completion CBRE has concluded for the subject property to be a

class A- asset and therefore would have rental rates lower than the class A projects but higher than the class B properties.

### Three-Bedroom Units

SUMMARY OF COMPARABLE RENTALS THREE BEDROOM UNITS				
Comparable	Plan Type	Size (SF)	Rental Rates	
			\$/Mo.	\$/SF
Gables Metropolitan Uptown	3BR/2BA	1,390 SF	\$2,585	\$1.86
The Grey House River Oaks	3BR/2BA	1,696 SF	\$3,600	\$2.12
Gables Metropolitan Uptown	3BR/2BA	1,251 SF	\$2,710	\$2.17
<b>Subject (Concluded)</b>	<b>3BR/2BA</b>	<b>1,250 SF</b>	<b>\$2,860</b>	<b>\$2.29</b>
<b>Subject (Avg. Quoted)</b>	<b>3BR/2BA</b>	<b>1,250 SF</b>	<b>\$3,200</b>	<b>\$2.56</b>
The Ivy River Oaks	3BR/2BA	2,026 SF	\$5,332	\$2.63
The Ivy River Oaks	3BR/3BA	2,365 SF	\$6,713	\$2.84
The Ivy River Oaks	3BR/3.5BA	2,512 SF	\$7,899	\$3.14
The Ivy River Oaks	3BR/2.5BA	2,429 SF	\$7,752	\$3.19
The Ivy River Oaks	3BR/3BA	3,070 SF	\$10,907	\$3.55
The Ivy River Oaks	3BR/3BA	2,370 SF	\$8,533	\$3.60
The Ivy River Oaks	3BR/3BA	2,426 SF	\$9,640	\$3.97
Compiled by CBRE				

The subject's projected rental rates are within the range indicated by the rent comparables on a per square foot basis and monthly basis. CBRE has concluded to lower rental rates due to the subject property having inferior unit amenities and project amenities than the subject comparables. Upon renovation completion CBRE has concluded for the subject property to be a class A- asset and therefore would have rental rates lower than the class A projects but higher than the class B properties.

### MARKET RENT CONCLUSIONS

The following chart shows the market rent conclusions for the subject:

RENT CONCLUSIONS - PROPOSED									
No. Units	Unit Type	Unit Size (SF)	Total SF	Monthly Rent			Annual Rent		Annual Total
				\$/Unit	\$/SF	PRI	\$/Unit	\$/SF	
79	1BR/1BA	800	63,200	\$1,770	\$2.21	\$139,830	\$21,240	\$26.55	\$1,677,960
50	2BR/2BA	850	42,500	\$1,920	\$2.26	\$96,000	\$23,040	\$27.11	\$1,152,000
59	2BR/2BA	950	56,050	\$2,170	\$2.28	\$128,030	\$26,040	\$27.41	\$1,536,360
16	3BR/2BA	1,250	20,000	\$2,860	\$2.29	\$45,760	\$34,320	\$27.46	\$549,120
204		891	181,750	\$2,008	\$2.25	\$409,620	\$24,095	\$27.05	\$4,915,440
Compiled by CBRE									

CBRE has concluded to lower rental rates than the buyer's projected rents, due to the subject property having inferior unit amenities and project amenities than the subject comparables. Upon renovation completion CBRE has concluded for the subject property to be a class A- asset and

therefore would have rental rates lower than the class A projects but higher than the class B properties.

## RENT ADJUSTMENTS

Rent adjustments are sometimes necessary to account for differences in rental rates applicable to different units within similar floor plans due to items such as location within the property, view, and level of amenities. These rental adjustments may be in the form of rent premiums or rent discounts. However, no rent adjustments are required for the subject property.

## POTENTIAL RENTAL INCOME CONCLUSION

Within this analysis, potential rental income is estimated based upon:

<b>POTENTIAL RENTAL INCOME</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$5,487,600	\$26,900
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>\$4,915,440</b>	<b>\$24,095</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$5,292,434</b>	<b>\$25,943</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$5,292,434</b>	<b>\$25,943</b>
Compiled by CBRE		

Within this analysis, we have estimated the potential rental income that the subject will achieve based on our market rent conclusions. We have included deductions for loss-to-lease, concessions, vacancy and credit loss, as necessary, to account for any expected losses in potential rental income. Our methodology is consistent with buyers in the market, who are considering both the recent historical income levels achieved and income levels they expect to achieve going forward.

## OPERATING BUDGET

The following table presents available operating data for the subject.

OPERATING HISTORY				
Year-Occupancy	Developer's Budget Jun.		Pro Forma Hypothetical	
	2023	87.0%	Proposed	92.0%
	Total	\$/Unit	Total	\$/Unit
INCOME				
Potential Rental Income	\$5,487,600	\$26,900	\$4,915,440	\$24,095
Loss to Lease	(109,752)	(538)	(49,154)	(241)
Concessions	(329,256)	(1,614)	(122,886)	(602)
Adjusted Rental Income	\$5,048,592	\$24,748	\$4,743,400	\$23,252
Vacancy	(658,512)	(3,228)	(332,038)	(1,628)
Credit Loss	(54,876)	(269)	(47,434)	(233)
Net Rental Income	\$4,335,204	\$21,251	\$4,363,928	\$21,392
Other Income	244,800	1,200	234,600	1,150
Parking Income	146,880	720	22,500	110
RUBS/Utility Income	293,760	1,440	285,600	1,400
Subtotal Other Income (Net)	685,440	\$3,360	542,700	\$2,660
Effective Gross Income	\$5,020,644	\$24,611	\$4,906,628	\$24,052
EXPENSE				
Real Estate Taxes	\$467,000	\$2,289	\$1,189,826	\$5,832
Property Insurance	126,467	620	127,500	625
Utilities	300,000	1,471	265,200	1,300
Administrative & General	40,000	196	71,400	350
Repairs & Maintenance	142,900	700	147,900	725
Management Fee	155,569	763	147,199	722
Payroll	293,760	1,440	387,600	1,900
Advertising & Leasing	40,000	196	117,300	575
Other Taxes	-	-	16,241	80
Replacement Reserves	51,000	250	51,000	250
Total Operating Expenses	\$1,616,696	\$7,925	\$2,521,166	\$12,359
Net Operating Income	\$3,403,948	\$16,686	\$2,385,462	\$11,693
Management Fee % of EGI)	3.1%		3.0%	
Source: Operating statements				

## LOSS TO LEASE

Within the local market, buyers and sellers typically recognize a reduction in potential rental income due to the difference between market and contract rental rates. In this market, lease rates are typically increasing and are anticipated to roll to market every six to twelve months on average. As a result, actual collections will lag behind market rates at any point in time. The amount of the lag is attributed to two factors: one, the projected rent increases over the next twelve months and, two, to a lesser extent, renewal leases that are not typically raised up fully to market rates. Based upon the difference between market rent and contract rent at any given time and considering renewals will not be increased fully to market rates, the loss to lease associated with the subject is estimated at 1.00% of gross rental income. This method of calculating rental



income is most prevalent in the local market and is consistent with the method used to derive overall capitalization rates from the comparable sales data.

<b>LOSS TO LEASE</b>		
Year	Total	% of PGI
Developer's Budget Jun. 2023	(\$109,752)	2.0%
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>(\$49,154)</b>	<b>1.0%</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>(\$52,924)</b>	<b>1.0%</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>(\$52,924)</b>	<b>1.0%</b>
Compiled by CBRE		

## CONCESSIONS

The competitive forces in the submarket have resulted in rent concessions throughout all markets in the city. The concessions vary according to occupancy and demand of particular floor plans. Concessions have been prevalent in the market for years due to continued new construction, and most leasing managers believe they will remain in the near future. The subject's stabilized concession amount is estimated at 2.50% of gross rental income and reflects the anticipated need to offer specials periodically to maintain stabilized occupancy trends.

<b>CONCESSIONS</b>		
Year	Total	% of ARI
Developer's Budget Jun. 2023	(\$329,256)	3.0%
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>(\$122,886)</b>	<b>2.5%</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>(\$132,311)</b>	<b>2.5%</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>(\$132,311)</b>	<b>2.5%</b>
Compiled by CBRE		

## VACANCY

The subject's estimated stabilized occupancy rate was previously discussed in the market analysis. The subject's vacancy is detailed as follows:

<b>VACANCY</b>		
Year	Total	% of ARI
Developer's Budget Jun. 2023	(\$658,512)	13.0%
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>(\$332,038)</b>	<b>7.0%</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>(\$357,504)</b>	<b>7.0%</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>(\$357,504)</b>	<b>7.0%</b>
Compiled by CBRE		

CBRE is concluding a 93.0% stabilized occupancy level based on the market conditions and strong appeal of the subject property.

## CREDIT LOSS

The credit loss estimate is an allowance for nonpayment of rent or other income. The subject's credit loss is detailed as follows:

CREDIT LOSS		
Year	Total	% of ARI
Developer's Budget Jun. 2023	(\$54,876)	1.1%
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>(\$47,434)</b>	<b>1.0%</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>(\$51,072)</b>	<b>1.0%</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>(\$51,072)</b>	<b>1.0%</b>
Compiled by CBRE		

Credit loss is common in multifamily properties and is a necessary component in the analysis of year-to-year cash flows. This expense line item typically ranges from 0.5% to 2.0% for apartment properties in the Houston area, with Class A properties in this area typically in the lower to middle portion of this range. We have estimated this expense within the middle portion of the typical range at 1.00% of Adjusted Rental Income (Potential Rental Income net of Loss to Lease and Concessions expense line items).

## PARKING INCOME

Parking income is supplemental to that derived from apartment units. This includes collections from sources such as reserved covered parking and detached garages.

The subject property is projecting 60-100 spaces at \$125 per space per month. CBRE has placed emphasis on comparable properties and has estimated 25 reserved parking spaces that will be leased on a monthly basis. The developer is projecting a rate of \$125 per space for each individual reserved space. CBRE has placed emphasis on the parking comparables below to conclude to a parking rate per space at \$75 per space. The concluded rates for reserved parking are within the comparables and is deemed to be at a market level pricing. The following table provides a summary of comparable properties, subject projected rates, and the CBRE, Inc. pro forma parking rate estimates.

<b>SUMMARY OF COMPARABLE PARKING RATES</b>		
Comparable	Reserved (\$/Month)	Detached Garage (\$/Month)
The Ivy River Oaks	\$75	\$225
Avenue Grove	\$50	N/A
The Grey House River Oaks	\$100	N/A
The James	\$75	\$200
Alexan River Oaks	N/A	N/A
Gables Cityscape	N/A	\$100
Gables Metropolitan Uptown	N/A	N/A
Alistar Galleria Apartments	N/A	N/A
Subject Proposed Rates	\$125	N/A
<b>CBRE Estimate</b>	<b>\$75</b>	<b>N/A</b>
Compiled by CBRE		

The estimated potential gross parking income for the subject is estimated as follows:

<b>POTENTIAL GROSS PARKING INCOME</b>				
Component	No. Spaces	Monthly Rate	Monthly Total	Annual Total
Garage/Open	574 Spaces	\$0.00	\$0	\$0
Reserved	25 Spaces	\$75.00	\$1,875	\$22,500
<b>Total Parking Income</b>			<b>\$1,875</b>	<b>\$22,500</b>
Compiled by CBRE				

The subject's effective parking income is detailed as follows:

<b>PARKING INCOME</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$146,880	\$720
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>\$22,500</b>	<b>\$110</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$24,226</b>	<b>\$119</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$24,226</b>	<b>\$119</b>
Compiled by CBRE		

The subject will feature approximately 25 reserved spaces based on the parking comparables in the subject market. CBRE has estimated a total of \$22,500 of parking income per year.

## OTHER INCOME

Other income is supplemental to that derived from leasing of the improvements. This includes categories such as forfeited deposits, vending machines, late charges, pest control fee, valet trash fee, etc. The subject's income is detailed as follows:

<b>OTHER INCOME</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$244,800	\$1,200
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>\$234,600</b>	<b>\$1,150</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$252,593</b>	<b>\$1,238</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$252,593</b>	<b>\$1,238</b>
Compiled by CBRE		

We have surveyed similar Class A properties from the market in order to estimate a stabilized other income amount for the subject. The surveyed properties reported an average other income amount between \$612 and \$1,395 per unit per year. Considering the available data, CBRE has estimated other income for the subject at \$1,150 per unit per year. This is market supported based on similar charges of other Class A- properties in the Houston area.

### RUBS/UTILITY INCOME

The subject's RUBS/Utility Income is detailed as follows:

<b>RUBS/UTILITY INCOME</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$293,760	\$1,440
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>\$285,600</b>	<b>\$1,400</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$307,504</b>	<b>\$1,507</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$307,504</b>	<b>\$1,507</b>
Compiled by CBRE		

CBRE has estimated a RUBS/Utility Income of \$285,600 or \$1,400 per unit. As stated previously in the report the subject property will operate on a RUBS system for water, electricity, trash and sewer utility fees. Class A properties in the subject neighborhood charge for additional items in the RUBS income account above the utility line item.

### EFFECTIVE GROSS INCOME

The subject's effective gross income is detailed as follows:

<b>EFFECTIVE GROSS INCOME</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$5,020,644	\$24,611
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>\$4,906,628</b>	<b>\$24,052</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$5,282,946</b>	<b>\$25,897</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$5,282,946</b>	<b>\$25,897</b>
Compiled by CBRE		

Our pro forma estimate is lower than the developer's budget due to the lower concluded rental rates than the buyer's budget. However, the CBRE projection utilizes a loss to lease, and

concession estimates which are not included in the developer's budget. In addition, CBRE has relied upon Class A- market comparables for the other income and the parking rates of the rent comparables utilized in this report.

## OPERATING EXPENSE ANALYSIS

### Expense Comparables

The following chart summarizes expenses obtained from comparable properties.

EXPENSE COMPARABLES					
Comparable Number	1	2	3	4	Subject
Location	Houston	Houston	Houston	Houston	Houston, TX
Units	340	308	304	313	204
Period	Jan 2021 T-12	2020	2022	2020	Pro Forma
<b>Revenues</b>	<b>\$/Unit</b>	<b>\$/Unit</b>	<b>\$/Unit</b>	<b>\$/Unit</b>	<b>\$/Unit</b>
<b>Effective Gross Income</b>	<b>\$24,159</b>	<b>\$20,124</b>	<b>\$23,070</b>	<b>\$22,307</b>	<b>\$24,052</b>
<b>Expenses</b>					
Real Estate Taxes	\$5,912	\$4,634	\$4,974	\$5,094	\$5,832
Property Insurance	1,099	508	469	634	625
Utilities	893	793	1,124	1,338	1,300
Administrative & General	597	485	706	340	350
Repairs & Maintenance	743	1,289	664	913	725
Management Fee	822	478	673	498	722
Payroll	1,891	1,938	2,326	1,878	1,900
Advertising & Leasing	944	679	764	558	575
Other Taxes	72	62	-	74	80
Replacement Reserves	250	250	250	250	250
<b>Total Operating Expenses</b>	<b>\$13,223</b>	<b>\$11,116</b>	<b>\$11,949</b>	<b>\$11,577</b>	<b>\$12,359</b>
Operating Expenses Excluding Taxes	7,311	6,482	6,975	6,483	6,526
Operating Expense Ratio	54.7%	55.2%	51.8%	51.9%	51.4%
Management Fee % of EGI	3.4%	2.4%	2.9%	2.2%	3.0%
<sup>2</sup> The median total differs from the sum of the individual amounts.					
Compiled by CBRE					

A discussion of each expense category is presented on the following pages.

### Real Estate Taxes

The comparable data and projections for the subject are summarized as follows:

<b>REAL ESTATE TAXES</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$467,000	\$2,289
Expense Comparable 1	---	\$5,912
Expense Comparable 2	---	\$4,634
Expense Comparable 3	---	\$4,974
Expense Comparable 4	---	\$5,094
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$1,189,826</b>	<b>\$5,832</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$1,281,025</b>	<b>\$6,280</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$1,281,025</b>	<b>\$6,280</b>
Compiled by CBRE		

This expense is reflective of a stabilized occupancy level and is considered appropriate for this analysis. This expense is higher than the current assessment but is within the range of the comparables and a current tax rate has been applied by the local taxing authority as discussed in the real estate tax section of this report.

### Property Insurance

Property insurance expenses typically include fire and extended coverage and owner's liability coverage. The comparable data and projections for the subject are summarized as follows:

<b>PROPERTY INSURANCE</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$126,467	\$620
Expense Comparable 1	---	\$1,099
Expense Comparable 2	---	\$508
Expense Comparable 3	---	\$469
Expense Comparable 4	---	\$634
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$127,500</b>	<b>\$625</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$137,279</b>	<b>\$673</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$137,279</b>	<b>\$673</b>
Compiled by CBRE		

The concluded insurance expense is slightly higher than the developer's budgeted figure but is within the range of the recent comparable expense indications.

### Utilities

Utility expenses include electricity, water, trash and sewer. The comparable data and projections for the subject are summarized as follows:



<b>UTILITIES</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$300,000	\$1,471
Expense Comparable 1	---	\$893
Expense Comparable 2	---	\$793
Expense Comparable 3	---	\$1,124
Expense Comparable 4	---	\$1,338
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$265,200</b>	<b>\$1,300</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$285,540</b>	<b>\$1,400</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$285,540</b>	<b>\$1,400</b>
Compiled by CBRE		

The concluded utilities expense is slightly below the budgeted figure but is within the range of the recent comparable expense indications. It should be noted that the subject property operates on a RUBS system for electricity, water, trash and sewer.

### Administrative & General

Administrative expenses typically include legal costs, accounting, telephone, supplies, furniture, temporary help and items that are not provided by off-site management. The comparable data and projections for the subject are summarized as follows:

<b>ADMINISTRATIVE &amp; GENERAL</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$40,000	\$196
Expense Comparable 1	---	\$597
Expense Comparable 2	---	\$485
Expense Comparable 3	---	\$706
Expense Comparable 4	---	\$340
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$71,400</b>	<b>\$350</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$76,876</b>	<b>\$377</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$76,876</b>	<b>\$377</b>
Compiled by CBRE		

The concluded administrative and general expense is higher than the budgeted figure but is within the range of the recent comparable expense indications which averages \$532 per unit.

### Repairs and Maintenance

Repairs and maintenance expenses typically include all outside maintenance service contracts and the cost of maintenance and repairs supplies. The comparable data and projections for the subject are summarized as follows:

<b>REPAIRS &amp; MAINTENANCE</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$142,900	\$700
Expense Comparable 1	---	\$743
Expense Comparable 2	---	\$1,289
Expense Comparable 3	---	\$664
Expense Comparable 4	---	\$913
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$147,900</b>	<b>\$725</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$159,243</b>	<b>\$781</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$159,243</b>	<b>\$781</b>
Compiled by CBRE		

The concluded repairs and maintenance expense is higher than the budgeted figure but is within the range of the recent comparable expense indications which average approximately \$900 per unit. However, we realize the proposed subject will be new construction and will have a lower repair and maintenance cost at first, but over a typical holding period of 10 years this cost will certainly increase as the subject will need to be very well maintained.

### Management Fee

Management expenses are typically negotiated as a percentage of collected revenues (i.e., effective gross income). The comparable data and projections for the subject are summarized as follows:

<b>MANAGEMENT FEE</b>		
Year	Total	% of EGI
Developer's Budget Jun. 2023	\$155,569	3.1%
Expense Comparable 1	---	3.4%
Expense Comparable 2	---	2.4%
Expense Comparable 3	---	2.9%
Expense Comparable 4	---	2.2%
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$147,199</b>	<b>3.0%</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$158,488</b>	<b>3.0%</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$158,488</b>	<b>3.0%</b>
Compiled by CBRE		

Professional management fees in the local market range from 2.5% to 3.5% for Class A properties and 3.0% to 5.0% for Class B and C properties. Given the subject's size and the competitiveness of the local market area, we believe an appropriate management expense for the subject would be towards the middle portion of the range for the Class A properties.

## Payroll

Payroll expenses typically include all payroll and payroll related items for all directly employed administrative personnel. Not included are the salaries or fees for off-site management firm personnel and services. The comparable data and projections for the subject are summarized as follows:

<b>PAYROLL</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$293,760	\$1,440
Expense Comparable 1	---	\$1,891
Expense Comparable 2	---	\$1,938
Expense Comparable 3	---	\$2,326
Expense Comparable 4	---	\$1,878
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$387,600</b>	<b>\$1,900</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$417,327</b>	<b>\$2,046</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$417,327</b>	<b>\$2,046</b>
Compiled by CBRE		

The payroll expense figure is higher than the developer's budgeted figure but is within the range of the recent comparable expense indications which average approximately \$2,000 per unit.

## Advertising and Leasing

Advertising and leasing expenses typically include all costs associated with the promotion of the subject including advertisements in local publications, trade publications, yellow pages, et cetera. The comparable data and projections for the subject are summarized as follows:

<b>ADVERTISING &amp; LEASING</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$40,000	\$196
Expense Comparable 1	---	\$944
Expense Comparable 2	---	\$679
Expense Comparable 3	---	\$764
Expense Comparable 4	---	\$558
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$117,300</b>	<b>\$575</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$126,296</b>	<b>\$619</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$126,296</b>	<b>\$619</b>
Compiled by CBRE		

The concluded advertising and leasing expense is higher than the budgeted figure but is within the range of the recent comparable expense indications.

## Other Taxes / Gross Receipts Tax

The Margin Tax is calculated by multiplying a taxable entity's taxable margin by the tax rate of 0.75%, or 0.375% for retailers and wholesalers. No tax is owed if the property's EGI is less than \$1,180,000, subject to adjustment based on changes in the consumer price index.

For businesses with less than \$20 million of total revenue, a simplified computational formula called the E-Z computation (adopted in House Bill 32 signed on June 15, 2015) can be used, whereby the tax is imposed at a rate of 0.331% of apportioned total revenue. Taxpayers that qualify must elect into the simplified treatment and waive the ability to take any credit, deduction or other adjustment.

<b>OTHER TAXES</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$0	\$0
Expense Comparable 1	---	\$72
Expense Comparable 2	---	\$62
Expense Comparable 3	---	\$0
Expense Comparable 4	---	\$74
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$16,241</b>	<b>\$80</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$17,487</b>	<b>\$86</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$17,487</b>	<b>\$86</b>
Compiled by CBRE		

### Reserves for Replacement

Reserves for replacement have been estimated based on market parameters. The comparable data and projections for the subject are summarized as follows:

<b>REPLACEMENT RESERVES</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$51,000	\$250
Expense Comparable 1	---	\$250
Expense Comparable 2	---	\$250
Expense Comparable 3	---	\$250
Expense Comparable 4	---	\$250
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$51,000</b>	<b>\$250</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$54,911</b>	<b>\$269</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$54,911</b>	<b>\$269</b>
Compiled by CBRE		

Standard underwriting in this market includes replacement reserves as an "above-the-line" expense (i.e. deducted prior to capitalization). We have also consulted the PwC Investor Survey, which includes market participant surveys regarding replacement reserves. Responses for participants active in the National Apartment Market indicated reserve allowances ranging from \$200/unit to as high as \$550/unit, with the majority of responses ranging from \$200/unit to

\$300/unit. The latter range is typical in this market, and we have concluded an expense of \$250 per unit.

## OPERATING EXPENSE CONCLUSION

The comparable data and projections for the subject are summarized as follows:

<b>TOTAL OPERATING EXPENSES</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$1,616,696	\$7,925
Expense Comparable 1	---	\$13,223
Expense Comparable 2	---	\$11,116
Expense Comparable 3	---	\$11,949
Expense Comparable 4	---	\$11,577
<b>CBRE Estimate Hypothetical As-Stabilized</b>	<b>\$2,521,166</b>	<b>\$12,359</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$2,714,473</b>	<b>\$13,306</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$2,714,473</b>	<b>\$13,306</b>
Compiled by CBRE		

The subject's per unit operating expense pro forma is within the range of the operating expenses indicated by the expense comparables but is higher than the developers' budgeted estimate.

## NET OPERATING INCOME CONCLUSION

The comparable data and projections for the subject are summarized as follows:

<b>NET OPERATING INCOME</b>		
Year	Total	\$/Unit/Yr
Developer's Budget Jun. 2023	\$3,403,948	\$16,686
<b>CBRE Estimate Hypothetical- As-Stabilized</b>	<b>\$2,385,462</b>	<b>\$11,693</b>
<b>CBRE Estimate Prospective As-Complete</b>	<b>\$2,568,473</b>	<b>\$12,591</b>
<b>CBRE Estimate Prospective As-Stabilized</b>	<b>\$2,568,473</b>	<b>\$12,591</b>
Compiled by CBRE		

The CBRE estimate is based on a line-by-line analysis of each revenue and expense category for the subject and all are market supported.

## SUMMARY OF CONCLUSIONS

The following chart summarizes the subject's budget, along with expenses obtained from comparable properties. CBRE's conclusions are also included:

## Income Capitalization Approach

COMPARABLE EXPENSE ANALYSIS						
Period	Subject Operating Developer's Budget Jun. 2023	Comparables				Subject
	Location Units Period	Comp 1 Houston 340 Jan 2021 T-12	Comp 2 Houston 308 2020	Comp 3 Houston 304 2022	Comp 4 Houston 313 2020	Conclusion
Range Names	\$/Unit/Yr	\$/Unit/Yr	\$/Unit/Yr	\$/Unit/Yr	\$/Unit/Yr	\$/Unit/Yr
Effective Gross Income	\$24,611	\$24,159	\$20,124	\$23,070	\$22,307	\$24,052
Expenses						
Real Estate Taxes	\$2,289	\$5,912	\$4,634	\$4,974	\$5,094	\$5,832
Property Insurance	620	1,099	508	469	634	625
Utilities	1,471	893	793	1,124	1,338	1,300
Administrative & General	196	597	485	706	340	350
Repairs & Maintenance	700	743	1,289	664	913	725
Management Fee	763	822	478	673	498	722
Payroll	1,440	1,891	1,938	2,326	1,878	1,900
Advertising & Leasing	196	944	679	764	558	575
Other Taxes	-	72	62	-	74	80
Replacement Reserves	250	250	250	250	250	250
Total Operating Expenses	\$7,925	\$13,223	\$11,116	\$11,949	\$11,577	\$12,359
Compiled by CBRE						

## DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate.

## Comparable Sales

The overall capitalization rates (OARs) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

COMPARABLE CAPITALIZATION RATES						
Sale	Sale Date	Sale Price \$/Unit	Occupancy	Buyer's Primary Analysis	Operating Expense Ratio	OAR
1	Sep-21	\$293,333	94%	Pro Forma (Stabilized)	48.80	3.91%
2	Oct-21	\$309,836	92%	Pro Forma (Stabilized)	54.90	3.78%
3	Oct-21	\$322,000	93%	Pro Forma (Stabilized)	52.88	3.50%
4	Mar-22	\$319,489	95%	Pro Forma (Stabilized)	46.49	4.25%
5	Oct-21	\$246,053	96%	Pro Forma (Stabilized)	56.91	3.63%
Indicated OAR:			92%			3.50%-4.25%
Compiled by CBRE						

The overall capitalization rates for these sales were derived based upon the actual or pro-forma income characteristics of the property. Some items of consideration in the selection of an OAR for the subject are:

## Positive Attributes

- The subject will be a new renovation.
- The neighborhood shows positive growth trends.

## Negative Attributes

- Limited barriers to entry.



### Published Investor Survey

The results of the most recent investor surveys are summarized in the following chart.

<b>OVERALL CAPITALIZATION RATES</b>		
Investment Type	OAR Range	Average
<i>RealtyRates.com</i>		
Apartments	3.73% - 12.02%	7.85%
Garden/Suburban TH	3.73% - 10.75%	7.06%
Hi-Rise/Urban TH	4.74% - 12.02%	8.10%
<i>PwC Apartment</i>		
National Data	3.50% - 8.00%	5.22%
<b>Indicated OAR:</b>		<b>4.00% - 4.50%</b>
Compiled by CBRE		

The subject is considered to be a Class A- property. Because of the subject's proposed renovation to a class A- level an OAR near the lower to middle portion of the range indicated in the preceding table is considered appropriate.

### Market Participants

The results of recent interviews with knowledgeable real estate professionals are summarized in the following table.

<b>OVERALL CAPITALIZATION RATES</b>			
Type	Location	OAR	Date of Survey
Class A Urban	Houston	3.50% - 4.00%	Mar-22
Class A Suburban	Houston	4.00% - 4.50%	Mar-22
Class B	Houston	4.75% - 5.50%	Mar-22
Class C	Houston	5.50% - 6.50%	Mar-22
<b>Indicated OAR:</b>			<b>4.00% - 4.50%</b>
Compiled by CBRE			

In deriving an appropriate overall capitalization rate for the subject, market participants were interviewed and consulted in gathering applicable information. The professionals cited above are active in the local market and have been directly involved with transactions involving properties similar to the subject. These market participants were interviewed with respect to prevailing overall capitalization rates within the subject's market segment or with respect to properties they have recently been involved with that are similar to the subject.

### Band of Investment

The band of the investment technique has been utilized as a crosscheck to the foregoing techniques. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments. The analysis is shown in the following table.

<b>BAND OF INVESTMENT</b>				
Mortgage Interest Rate	5.00%			
Mortgage Term (Amortization Period)	30 Years			
Mortgage Ratio (Loan-to-Value)	65%			
Mortgage Constant (monthly payments)	0.06442			
Equity Dividend Rate (EDR)	7.00%			
Mortgage Requirement	65%	x	0.06442	= 0.04187
Equity Requirement	35%	x	0.07000	= 0.02450
	100%			0.06637
<b>Indicated OAR:</b>				<b>6.60%</b>
Compiled by CBRE				

The cited mortgage rate and terms are derived from the weekly quoted CBRE Multifamily Finance Update. The EDR represents the preferred returns currently being offered to potential investors. This information is obtained from investment memos issued by institutional advisors or private syndicators soliciting equity for similar assets. The typical range in the local market is currently 5.0% to 7.0%.

### Capitalization Rate Conclusion

The following chart summarizes the OAR conclusions.

<b>OVERALL CAPITALIZATION RATE - CONCLUSION</b>	
Source	Indicated OAR
Comparable Sales	3.50%-4.25%
Published Surveys	4.00% - 4.50%
Market Participants	4.00% - 4.50%
Band of Investment	6.60%
<b>CBRE Estimate - Proposed</b>	<b>4.25%</b>
Compiled by CBRE	

In concluding an overall capitalization rate for the subject, primary reliance has been placed upon Comparable Sales with additional motivations noted for positive and negative influences as they pertain to the subject property.

**Direct Capitalization Summary- Proposed**

A summary of the direct capitalization is illustrated in the following chart.

<b>DIRECT CAPITALIZATION SUMMARY - PROPOSED</b>			
<b>Income</b>		<b>\$/Unit/Yr</b>	<b>Total</b>
Potential Rental Income		\$24,095	\$4,915,440
Loss to Lease	1.00%	(241)	(49,154)
Concessions	2.50%	(602)	(122,886)
<b>Adjusted Rental Income</b>		<b>\$23,252</b>	<b>\$4,743,400</b>
Vacancy	7.00%	(1,628)	(332,038)
Credit Loss	1.00%	(233)	(47,434)
<b>Net Rental Income</b>		<b>\$21,392</b>	<b>\$4,363,928</b>
Other Income		1,150	234,600
Parking Income		110	22,500
RUBS/Utility Income		1,400	285,600
<b>Subtotal Other Income (Net)</b>		<b>\$2,660</b>	<b>\$542,700</b>
<b>Effective Gross Income</b>		<b>\$24,052</b>	<b>\$4,906,628</b>
<b>Expenses</b>			
Real Estate Taxes		\$5,832	\$1,189,826
Property Insurance		625	127,500
Utilities		1,300	265,200
Administrative & General		350	71,400
Repairs & Maintenance		725	147,900
Management Fee	3.00%	722	147,199
Payroll		1,900	387,600
Advertising & Leasing		575	117,300
Other Taxes	0.331%	80	16,241
Replacement Reserves		250	51,000
<b>Total Operating Expenses</b>		<b>\$12,359</b>	<b>\$2,521,166</b>
Operating Expenses Excluding Taxes		\$6,526	\$1,331,340
<b>Operating Expense Ratio</b>			51.38%
<b>Net Operating Income</b>		<b>\$11,693</b>	<b>\$2,385,462</b>
<b>OAR</b>		÷	<b>4.25%</b>
<b>Indicated Hypothetical As If Stabilized Value June 10, 2022</b>			<b>\$56,128,508</b>
<b>Rounded</b>			<b>\$56,100,000</b>
<b>Value Per Unit</b>			<b>\$275,000</b>
<b>Matrix Analysis</b>		<b>Cap Rate</b>	<b>Value</b>
		4.00%	\$59,600,000
		4.25%	\$56,100,000
		4.50%	\$53,000,000
Compiled by CBRE			

## Prospective Direct Capitalization Summary

A summary of the prospective direct capitalization is illustrated in the following chart. It should be noted that CBRE has placed emphasis on a 3.0% growth rate per annum for 30 months when growing the subject's income and expenses.

DIRECT CAPITALIZATION SUMMARY - PROSPECTIVE AS STABILIZED			
Income		\$/Unit/Yr	Total
Potential Rental Income		\$25,943	\$5,292,434
Loss to Lease	1.00%	(259)	(52,924)
Concessions	2.50%	(649)	(132,311)
<b>Adjusted Rental Income</b>		<b>\$25,035</b>	<b>\$5,107,199</b>
Vacancy	7.00%	(1,752)	(357,504)
Credit Loss	1.00%	(250)	(51,072)
<b>Net Rental Income</b>		<b>\$23,032</b>	<b>\$4,698,623</b>
Other Income		1,238	252,593
Parking Income		119	24,226
RUBS/Utility Income		1,507	307,504
<b>Subtotal Other Income (Net)</b>		<b>\$2,864</b>	<b>\$584,323</b>
<b>Effective Gross Income</b>		<b>\$25,897</b>	<b>\$5,282,946</b>
<b>Expenses</b>			
Real Estate Taxes		\$6,280	\$1,281,025
Property Insurance		673	137,279
Utilities		1,400	285,540
Administrative & General		377	76,876
Repairs & Maintenance		781	159,243
Management Fee	3.00%	777	158,488
Payroll		2,046	417,327
Advertising & Leasing		619	126,296
Other Taxes	0.331%	86	17,487
Replacement Reserves		269	54,911
<b>Total Operating Expenses</b>		<b>\$13,306</b>	<b>\$2,714,473</b>
Operating Expenses Excluding Taxes		\$7,027	\$1,433,448
<b>Operating Expense Ratio</b>			51.38%
<b>Net Operating Income</b>		<b>\$12,591</b>	<b>\$2,568,473</b>
<b>OAR</b>		÷	<b>4.25%</b>
<b>Prospective As Stabilized Market Value</b>	<b>December 10, 2024</b>		<b>\$60,434,653</b>
<b>Rounded</b>			<b>\$60,400,000</b>
<b>Value Per Unit</b>			<b>\$296,248</b>
<b>Matrix Analysis</b>		<b>Cap Rate</b>	<b>Value</b>
		4.00%	\$64,200,000
		4.25%	\$60,400,000
		4.50%	\$57,100,000

Compiled by CBRE

## Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

SUMMARY OF VALUE CONCLUSIONS				
Appraisal Premise	As of Date	Land Value	Sales Comparison Approach	Income Approach
Land Value	June 10, 2022	\$20,230,000		
As-Is (Office Building)	June 10, 2022		\$28,000,000	
Hypothetical As If Stabilized - Proposed	June 10, 2022		\$56,000,000	\$56,100,000
Prospective As Stabilized - Proposed	December 10, 2024			\$60,400,000
Compiled by CBRE				
Reconciled Value				

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered highly comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication but has been given secondary emphasis in the final value reconciliation.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

**Prospective Value Note:** The prospective values provided below reflect a 3.0% annual property escalation during the construction and lease-up periods.

SUMMARY OF PROSPECTIVE VALUE CONCLUSIONS	
As Stabilized On December 10, 2024	(Current Value Escalated at 3.0% for 30 Months)
Income Capitalization Approach	\$60,400,000
Reconciled Value	\$60,400,000
Compiled by CBRE	

Based on the foregoing, the market value of the subject has been concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Land Value	Fee Simple Estate	June 10, 2022	\$20,230,000
As-Is (Office Building)	Leased Fee Interest	June 10, 2022	\$28,000,000
Hypothetical As If Complete - Proposed	Leased Fee Interest	June 10, 2022	\$56,100,000
Hypothetical As If Stabilized - Proposed	Leased Fee Interest	June 10, 2022	\$56,100,000
Prospective As Stabilized - Proposed	Leased Fee Interest	December 10, 2024	\$60,400,000
Compiled by CBRE			

## Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.



- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

**ADDENDA**

**Addendum A**

**LAND SALE DATA SHEETS**

**Sale****Land - Multi Unit Residential****No. 1**

Property Name Caroline Lofts Land Sale  
 Address 2403 Caroline Street  
 Houston, TX 77004  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 019-032-000-0001

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	1.234	53,753
Land Area Gross	N/A	N/A

Site Development Status	N/A
Shape	Irregular
Topography	Generally Level
Utilities	All Available

Maximum FAR N/A  
 Min Land to Bldg Ratio N/A  
 Maximum Density N/A

Frontage Distance/Street	350 ft	Caroline
Frontage Distance/Street	125 ft	McGowen
Frontage Distance/Street	50 ft	Austin

General Plan N/A  
 Specific Plan N/A  
 Zoning None  
 Entitlement Status N/A

**Sale Summary**

Recorded Buyer	Caroline Lofts LP	Marketing Time	2 Month(s)
True Buyer	Caroline Lofts LP	Buyer Type	Developer
Recorded Seller	2515 Caroline LTD	Seller Type	Private Investor
True Seller	Adam Brackman	Primary Verification	PSA

Interest Transferred Fee Simple/Freehold  
 Current Use Commercial Site  
 Proposed Use Apartment-LIHTC  
 Listing Broker Ingram Commercial  
 Selling Broker N/A  
 Doc # Document No. 2021368493

Type	Sale
Date	6/30/2021
Sale Price	\$9,943,750
Financing	All Cash
Cash Equivalent	\$9,943,750
Capital Adjustment	\$46,606
Adjusted Price	\$9,990,356

**Transaction Summary plus Five-Year CBRE View History**

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Price/ac and /sf</u>
06/2021	Sale	Caroline Lofts LP	2515 Caroline LTD	\$9,943,750	\$8,095,912 / \$185.86

Sale	Land - Multi Unit Residential	No. 1
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Units of Comparison		
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\$185.86 / sf	N/A / Unit
\$8,095,912.48 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial
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No information recorded
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Map & Comments
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This tract is located on the east side of Caroline Street between McGown and McIlhenny in the Midtown area. The site currently has a 4,985 square foot commercial building on the site which will be demolished at a cost of \$46,616. The site will be developed with the proposed six story, 119 unit LIHTC Caroline Lofts.

# Sale Land - Multi Unit Residential No. 2

Property Name 2.11 Acres  
 Address 4641 Montrose  
 8 Chelsea Blvd.  
 Houston, TX 77006  
 United States  
 Government Tax Agency Harris  
 Govt./Tax ID 132-059-001-0001

## Site/Government Regulations

	Acres	Square feet
Land Area Net	2.119	92,301
Land Area Gross	2.119	92,301

Site Development Status	Finished
Shape	Rectangular
Topography	Generally Level
Utilities	All Available - City of Houston

Maximum FAR	N/A
Min Land to Bldg Ratio	N/A
Maximum Density	N/A

Frontage Distance/Street	N/A	Montrose Boulevard
Frontage Distance/Street	N/A	Chelsea Boulevard
Frontage Distance/Street	N/A	Southwest Freeway (IH 59/69)

General Plan	N/A
Specific Plan	N/A
Zoning	None
Entitlement Status	N/A



## Sale Summary

Recorded Buyer	CPR/AR MUSEUM DISTRICT OWNER L.P.	Marketing Time	6 Month(s)
True Buyer	CPR/AR MUSEUM DISTRICT OWNER L.P.	Buyer Type	Developer
Recorded Seller	M.A.D 88 REAL ESTATE LIMITED PARTNERSHIP	Seller Type	Private Investor
True Seller	M.A.D 88 REAL ESTATE LIMITED PARTNERSHIP	Primary Verification	CBRE Broker

Interest Transferred	Fee Simple/Freehold
Current Use	Commercial Office
Proposed Use	Redevelopment for Multifamily
Listing Broker	N/A
Selling Broker	N/A
Doc #	RP-2019-193742

Type	Sale
Date	5/9/2019
Sale Price	\$16,500,000
Financing	Cash to Seller
Cash Equivalent	\$16,500,000
Capital Adjustment	\$50,000
Adjusted Price	\$16,550,000

## Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
05/2019	Sale	CPR/AR MUSEUM DISTRICT OWNER L.P.	M.A.D 88 REAL ESTATE LIMITED PARTNERSHIP	\$16,500,000	\$7,810,656 / \$179.30



Sale	Land - Multi Unit Residential	No. 2
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Units of Comparison
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\$179.30 / sf	N/A / Unit
\$7,810,656.47 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial
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No information recorded

Map & Comments
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This comparable represents 2.1189 acres at 4641 Montrose 8 Chelsea Blvd.. The site's shape is rectangular and its topography is described as generally level. The parcel exhibits frontage along Montrose Boulevard and Chelsea Boulevard. The property use at the time of sale was indicated as commercial office. The site is not subject to zoning, and the proposed use was reported as redevelopment for multifamily. All Available - City of Houston utilities were available to the site. The property sold in May 2019 for \$16,550,000, or \$179.30 per square foot (\$7,810,656 per acre). Any difference between the Actual Sale Price and Adjusted Sale Price reflects an adjustment of \$50,000 for development/capital costs. This site is located at the southeast corner of Montrose Boulevard and Southwest Freeway, as well as the northeast corner of Montrose Boulevard and Chelsea Boulevard. This site was formerly improved with a low-rise commercial office and retail property and is currently being re-developed with a multifamily development. CBRE has estimated a demolition cost of \$50,000 to arrive at an as vacant land indication.

**Sale****Land - Mixed-Use****No. 3**

Property Name 4910 Montrose  
 Address 4910 Montrose  
 Houston, TX 77006  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 036-031-000-0001

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	1.192	51,900
Land Area Gross	1.192	51,900



Site Development Status	Finished
Shape	Rectangular
Topography	Level, At Street Grade
Utilities	N/A

Maximum FAR N/A  
 Min Land to Bldg Ratio N/A  
 Maximum Density N/A

Frontage Distance/Street	N/A	Montrose
Frontage Distance/Street	N/A	Milford
Frontage Distance/Street	N/A	Barkdull
Frontage Distance/Street	N/A	Bayard

General Plan N/A  
 Specific Plan N/A  
 Zoning None  
 Entitlement Status Final Tract

**Sale Summary**

Recorded Buyer 4910 Montrose Boulevard  
 True Buyer Levcor  
 Recorded Seller Fourth Church of Christ Scientist  
 True Seller N/A

Marketing Time N/A  
 Buyer Type Developer  
 Seller Type Private Investor  
 Primary Verification Broker

Interest Transferred Fee Simple/Freehold  
 Current Use Vacant church building  
 Proposed Use Investment  
 Listing Broker Monte Tinkham  
 Selling Broker N/A  
 Doc # 2020-614094

Type	Sale
Date	12/15/2020
Sale Price	\$7,785,000
Financing	Cash to Seller
Cash Equivalent	\$7,785,000
Capital Adjustment	\$62,000
Adjusted Price	\$7,847,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Price/ac and /sf
12/2020	Sale	4910 Montrose Boulevard	Fourth Church of Christ Scientist	\$7,785,000	\$6,585,816 / \$151.19

Sale	Land - Mixed-Use	No. 3
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Units of Comparison		
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\$151.19 / sf	N/A / Unit
\$6,585,816.20 / ac	N/A / Allowable Bldg. Units
	N/A / Building Area

Financial
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No information recorded

Map & Comments
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This tract represents a city block south of US 59 and just southwest of downtown. The site has operated as a church since 1988. The buyer purchased the property as an investment with an ultimate intent to develop as a mixed-use property. The site is within the Museum District and 1 mile from the Texas Medical Center. Prior to this contract the property was listed for sale at a price of \$10,500,000 or \$202.31 per square foot. This site is currently improved with a 13,789 square foot church. CBRE has estimated a demolition cost of \$62,000 to arrive at an as vacant land indication.

**Sale****Land - Mixed-Use****No. 4**

Property Name 3440 Richmond Ave  
 Address 3440 Richmond Ave  
 Houston, TX 77046  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 0410170050041

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	3.970	172,951
Land Area Gross	3.970	172,951

Site Development Status	Other(See Comments)
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Shape	Irregular
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Topography	Generally Level
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Utilities	All Available
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Maximum FAR	N/A
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Min Land to Bldg Ratio	N/A
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Maximum Density	N/A
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Frontage Distance/Street	580 ft	Richmond Avenue
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Frontage Distance/Street	284 ft	Buffalo Speedway
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General Plan	N/A
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Specific Plan	N/A
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Zoning	None
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Entitlement Status	None
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**Sale Summary**

Recorded Buyer	MC RBS LP	Marketing Time	6 Month(s)
True Buyer	MC RBS LP	Buyer Type	End User
Recorded Seller	Cathexis	Seller Type	Private Investor
True Seller	Cathexis	Primary Verification	Deed, Public Records, CBRE Files

Interest Transferred	Fee Simple/Freehold
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Current Use	Vacant Land
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Proposed Use	Mixed-Use
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Listing Broker	N/A
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Selling Broker	N/A
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Doc #	RP-2019-430848
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Type	Sale
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Date	9/30/2019
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Sale Price	\$24,208,800
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Financing	Cash to Seller
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Cash Equivalent	\$24,208,800
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Capital Adjustment	\$0
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Adjusted Price	\$24,342,059
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**Transaction Summary plus Five-Year CBRE View History**

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Price/ac and /sf</u>
09/2019	Sale	MC RBS LP	Cathexis	\$24,208,800	\$6,130,883 / \$140.75

Sale	Land - Mixed-Use	No. 4
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Units of Comparison		
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\$140.75 / sf	
\$6,130,883.29 / ac	

N/A / Unit
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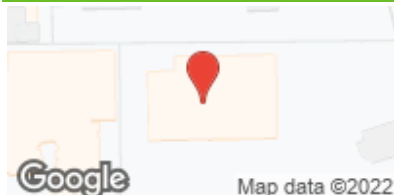
N/A / Allowable Bldg. Units
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N/A / Building Area
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Financial
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No information recorded
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Map & Comments
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The comparable is located at 3440 Richmond Ave Houston, TX 77046. Former TIRR facility is located at the northwest corner of Buffalo Speedway at Richmond, adjacent to Transwestern mixed use project. The subject was sold on 5/18/2019 for \$24,208,800 and was reportedly acquired for a mixed use development. We have estimated roughly \$4.50/SF for demolition costs for the 29,613 SF building located on the site totaling \$133,259 in demolition costs.

**Addendum B**

# **IMPROVED SALE DATA SHEETS**

# Sale Residential - Multi-unit Mid / High Rise No. 1

Property Name 27Seventy Lower Heights fka Alexan Lower Heights  
 Address 2770 Summer Street  
 Houston, TX 77007  
 United States

Government Tax Agency Harris  
 Govt./Tax ID Multiple

## Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Efficiency	16	4%	665	\$1,936	\$2.91
1BR/1BA	24	6%	685	\$1,936	\$2.83
1BR/1BA	24	6%	695	\$1,994	\$2.87
1BR/1BA	36	10%	702	\$1,828	\$2.60
1BR/1BA	56	15%	732	\$1,959	\$2.68
1BR/1BA	10	3%	821	\$1,902	\$2.32
1BR/1BA	52	14%	821	\$2,030	\$2.47
1BR/1BA	78	21%	836	\$2,034	\$2.43
2BR/2BA	12	3%	1,119	\$2,645	\$2.36
2BR/2BA	32	9%	1,169	\$2,833	\$2.42
2BR/2BA	8	2%	1,220	\$2,783	\$2.28
2BR/2BA	8	2%	1,263	\$2,954	\$2.34
2BR/2BA	7	2%	1,386	\$3,217	\$2.32
2BR/2BA	10	3%	1,392	\$3,339	\$2.40
2BR/2BA	2	1%	1,552	\$4,020	\$2.59
Totals/Avg	375			\$2,177	\$2.52



## Improvements

Land Area	5.000 ac	Status	Existing
Gross Building Area (GBA)	363,370 sf	Year Built	2021
Total # of Units	375 Unit	Year Renovated	N/A
Average Unit Size	863 sf	Condition	New
Floor Count	4	Exterior Finish	Brick Veneer
Property Features	Structured Parking, Elevators, Gated / Controlled Access, Ground-level Retail, Interior Corridors		

Project Amenities Clubhouse, Decorative water element, Pool, Barbeque Area, Business Center, Conference Room, Courtyard, Dog Grooming Station, Dog Park / Run, Electric Car Charging Station, Fitness Center, Outdoor Fireplace, Yoga / Spin Room

Unit Amenities Washer / Dryer, 10-Foot Ceilings, Ceiling Fans, Granite Countertops, Plank Flooring, Private Patios / Balconies, Stainless Steel Appliances, Tile Backsplash, Under-cabinet Lighting, Wine Storage

## Sale Summary

Recorded Buyer	Heights Houston Owner, LLC	Marketing Time	2 Month(s)
True Buyer	N/A	Buyer Type	Private Investor
Recorded Seller	DRI/MAPLE LOWER HEIGHTS LLC	Seller Type	Developer
True Seller	Trammell Crow	Primary Verification	Taylor Moffat-Trammell Crow

Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartments	Date	9/28/2021
Proposed Use	Apartments	Sale Price	\$110,000,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$110,000,000
Doc #	RP-2021-560430	Capital Adjustment	\$0
		Adjusted Price	\$110,000,000

## Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
09/2021	Sale	Heights Houston Owner, LLC	DRI/MAPLE LOWER HEIGHTS LLC	\$110,000,000	\$293,333 / \$302.72



Sale	Residential - Multi-unit Mid / High Rise	No. 1
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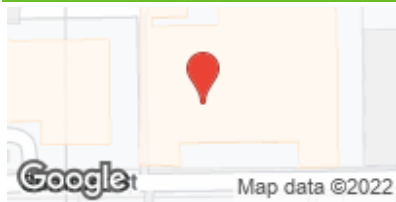
### Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	13.11
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	48.80%
Net Initial Yield/Cap. Rate	3.91%	Adjusted Price / sf	\$302.72
Projected IRR	N/A	Adjusted Price / Unit	\$293,333
Actual Occupancy at Sale	94%		

### Financial

Revenue Type	Pro Forma Stabilized
Period Ending	9/28/2021
Source	Seller
Price	\$110,000,000
Potential Gross Income	\$9,123,360
Economic Occupancy	92%
Economic Loss	\$729,869
Effective Gross Income	\$8,393,491
Expenses	\$4,095,674
Net Operating Income	\$4,297,817
NOI / sf	\$11.83
NOI / Unit	\$11,461
EGIM	13.11
OER	48.80%
Net Initial Yield/Cap. Rate	3.91%

### Map & Comments



This recently completed Class A property consisted of six elevator served four-story buildings that have air-conditioned corridors and a six level structured parking garage. Interior features consist of stainless steel appliances with side-by side refrigerators, gas stoves, full sized washer/dryers with select units featuring wine coolers. There are first floor units that have oversized fenced in patios that rent for a \$300 a month premium. The property features a pet park with a pet salon, dry-clean lockers, large parcel storage and electric car charging stations. Tenants are charged \$25 a month for valet trash service, \$30 a month for project amenity fee and \$3 for pest control. Another unique feature to this property is a hidden bar area that can be reserved by the tenants.

**Sale****Residential - Multi-unit Mid / High Rise****No. 2**

Property Name The Carter  
 Address 4 Chelsea Blvd  
 Houston, TX 77006  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 135-534-001-0001

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR, 1BA	17	6%	723	\$1,649	\$2.28
1BR, 1BA	34	11%	794	\$1,504	\$1.89
1BR, 1BA	17	6%	794	\$1,789	\$2.25
1BR, 1BA	18	6%	817	\$1,614	\$1.98
1BR, 1BA	18	6%	832	\$1,680	\$2.02
1BR, 1BA	11	4%	875	\$1,524	\$1.74
1BR, 1BA	17	6%	876	\$1,680	\$1.92
1BR, 1BA	29	10%	903	\$1,804	\$2.00
1BR, 1BA	12	4%	1,039	\$1,993	\$1.92
1BR, 1BA	12	4%	1,088	\$2,338	\$2.15
2BR, 2BA	18	6%	1,179	\$2,461	\$2.09
2BR, 2BA	16	5%	1,297	\$2,678	\$2.06
2BR, 2BA	11	4%	1,304	\$2,647	\$2.03
2BR, 2BA	17	6%	1,311	\$2,647	\$2.02
2BR, 2BA	5	2%	1,390	\$2,713	\$1.95
2BR, 2BA	17	6%	1,496	\$2,800	\$1.87
2BR, 2BA	16	5%	1,499	\$2,375	\$1.58
2BR, 2.5BA - TH	1	0%	1,691	\$2,695	\$1.59
2BR, 2.5BA - TH	1	0%	1,744	\$3,145	\$1.80
3BR, 2BA	11	4%	1,751	\$3,536	\$2.02
2BR, 2.5BA - TH	1	0%	1,760	\$3,195	\$1.82
2BR, 2.5BA	1	0%	2,361	\$4,390	\$1.86
2BR, 2.5BA	1	0%	2,367	\$4,540	\$1.92
2BR, 2.5BA - TH	1	0%	2,373	\$4,483	\$1.89
2BR, 2.5BA	1	0%	2,625	\$5,615	\$2.14
2BR, 2.5BA	1	0%	2,700	\$5,965	\$2.21
3BR, 3.5BA	1	0%	3,329	\$7,123	\$2.14
Totals/Avg	305			\$2,161	\$1.97



**Improvements**

Land Area	1.727 ac	Status	Existing
Net Rentable Area (NRA)	333,877 sf	Year Built	2017
Total # of Units	305 Unit	Year Renovated	N/A
Average Unit Size	1,095 sf	Condition	Good
Floor Count	20	Exterior Finish	Concrete
Property Features	Flat Roofs, Structured Parking, Elevators, Fire Sprinklered, Gated / Controlled Access, Interior Corridors, Interior Stairwells		
Project Amenities	Clubhouse, Concierge, Pool, Billiards, Business Center, Fitness Center, Storage Units, Yoga / Spin Room		
Unit Amenities	Washer / Dryer, 9-Foot Ceilings, Ceiling Fans, Double-Pane WIndows, Garden Tubs, Hardwood Flooring, Private Patios / Balconies, Quartz Countertops, Stainless Steel Appliances, Stand-up Shower, Tile Backsplash, Tub / Shower Combo, Under-cabinet Lighting, Wine Storage		

**Sale Summary**

Recorded Buyer	KIW Houston Carter Venture, LLC	Marketing Time	2 Month(s)
True Buyer	KIW Houston Carter Venture, LLC	Buyer Type	Private Investor
Recorded Seller	Montrose Residential I, LLC	Seller Type	Private Investor
True Seller	Montrose Residential I, LLC	Primary Verification	PSA
Interest Transferred	Leased Fee	Type	Sale
Current Use	High-Rise Apartment	Date	10/15/2021
Proposed Use	High-Rise Apartment	Sale Price	\$94,500,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$94,500,000
Doc #	RP-2021-596962	Capital Adjustment	\$0
		Adjusted Price	\$94,500,000

**Transaction Summary plus Five-Year CBRE View History**

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Cash Equivalent Price/unit and /sf</u>
10/2021	Sale	KIW Houston Carter Venture, LLC	Montrose Residential I, LLC	\$94,500,000	\$309,836 / \$283.04

# Sale Residential - Multi-unit Mid / High Rise No. 2

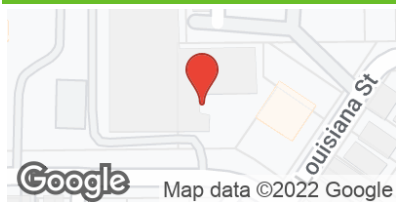
## Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	11.92
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	54.90%
Net Initial Yield/Cap. Rate	3.78%	Adjusted Price / sf	\$283.04
Projected IRR	N/A	Adjusted Price / Unit	\$309,836
Actual Occupancy at Sale	92%		

## Financial

Revenue Type	Pro Forma Stabilized
Period Ending	8/12/2022
Source	Appraiser
Price	\$94,500,000
Potential Gross Income	\$8,026,747
Economic Occupancy	99%
Economic Loss	\$100,832
Effective Gross Income	\$7,925,915
Expenses	\$4,351,530
Net Operating Income	\$3,574,385
NOI / sf	\$10.71
NOI / Unit	\$11,719
EGIM	11.92
OER	54.90%
Net Initial Yield/Cap. Rate	3.78%

## Map & Comments



The Carter was constructed in 2017 and consists of 305 units within a 20 story, high-rise style building. The building includes a 8 story parking garage, clubhouse with a bar/lounge area, a fitness center, and a resort style pool with an outdoor grilling station. Pro Forma income and expenses were used to derive the financial indicators. The analysis reflects adjustments for loss to lease, concessions, vacancy, credit loss, gross receipts tax and reserves for replacement.

**Sale****Residential - Multi-unit Garden****No. 3**

Property Name Townhomes at Woodmill Creek  
 Address 25145 Panther Bend Ct  
 The Woodlands, TX 77380  
 United States

Government Tax Agency Montgomery  
 Govt./Tax ID R445157

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1.5BA TH	29	17%	993	\$1,615	\$1.63
2BR/2.5BA TH	94	55%	1,357	\$2,200	\$1.62
3BR/3BA TH	48	28%	1,647	\$2,479	\$1.51
Totals/Avg	171			\$2,179	\$1.58

**Improvements**

Land Area	9.884 ac	Status	Existing
Net Rentable Area (NRA)	235,411 sf	Year Built	2016
Total # of Units	171 Unit	Year Renovated	N/A
Average Unit Size	1,377 sf	Condition	Excellent
Floor Count	3	Exterior Finish	Masonry
Property Features	On-Site Management, Surface Parking, Attached Garages, Fire Sprinklered, Gated / Controlled Access		
Project Amenities	Clubhouse, Pool, Barbeque Area, Business Center, Cyber Café, Demonstration Kitchen, Dog Park / Run, Fitness Center, Outdoor Kitchen, Yoga / Spin Room		
Unit Amenities	Gourmet Kitchen, Washer / Dryer, 9-Foot Ceilings, Carpeted Flooring, Ceiling Fans, Ceramic Tile Flooring, Garden Tubs, Granite Countertops, Plank Flooring, Private Patios / Balconies, Stainless Steel Appliances, Under-cabinet Lighting		

**Sale Summary**

Recorded Buyer	FRMR-Woodlands, LP	Marketing Time	2 Month(s)
True Buyer	N/A	Buyer Type	Private Investor
Recorded Seller	Panther Bend Townhomes, LP	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Selling Broker
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartments	Date	10/26/2021
Proposed Use	Apartments	Sale Price	\$55,062,000
Listing Broker	Dustin Selzer, JLL	Financing	All Cash
Selling Broker	N/A	Cash Equivalent	\$55,062,000
Doc #	2021-150923	Capital Adjustment	\$0
		Adjusted Price	\$55,062,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
10/2021	Sale	FRMR-Woodlands, LP	Panther Bend Townhomes, LP	\$55,062,000	\$322,000 / \$233.90

Sale	Residential - Multi-unit Garden	No. 3
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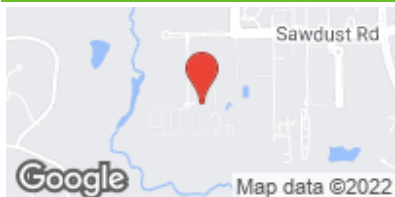
#### Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	13.45
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	52.88%
Net Initial Yield/Cap. Rate	3.50%	Adjusted Price / sf	\$233.90
Projected IRR	N/A	Adjusted Price / Unit	\$322,000
Actual Occupancy at Sale	93%		

#### Financial

	Pro Forma
Revenue Type	Stabilized
Period Ending	10/26/2021
Source	Broker
Price	\$55,062,000
Potential Gross Income	\$4,601,324
Economic Occupancy	89%
Economic Loss	\$506,146
Effective Gross Income	\$4,095,178
Expenses	\$2,165,460
Net Operating Income	\$1,929,718
NOI / sf	\$8.20
NOI / Unit	\$11,285
EGIM	13.45
OER	52.88%
Net Initial Yield/Cap. Rate	3.50%

#### Map & Comments



This property is located off Sawdust Road about one mile west of Interstate 45 in the Woodlands. All units within this project are three stories and all units have attached one or two car garages. All units have stainless steel appliances, gas stoves, Island kitchens and selected units come with wine coolers.

**Sale****Residential - Multi-unit Garden****No. 4**

Property Name Domain Memorial  
 Address 14800 Memorial Drive  
 Houston, TX 77079  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 134-684-001-0001

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1.5BA TH	6	2%	984	\$1,750	\$1.78
1BR/1.5BA TH	72	23%	989	\$1,576	\$1.59
1BR/1.5BA TH	22	7%	1,016	\$1,801	\$1.77
2BR/2.5BA TH	58	19%	1,268	\$2,026	\$1.60
2BR/2.5BA TH	99	32%	1,463	\$2,226	\$1.52
2BR/2.5BA TH	26	8%	1,530	\$2,351	\$1.54
3BR/3BA TH	19	6%	1,565	\$2,451	\$1.57
3BR/3BA TH	11	4%	1,753	\$3,322	\$1.90
Totals/Avg	313			\$2,063	\$1.59

**Improvements**

Land Area	12.710 ac	Status	Existing
Gross Building Area (GBA)	422,801 sf	Year Built	2016
Total # of Units	313 Unit	Year Renovated	N/A
Average Unit Size	1,351 sf	Condition	Good
Floor Count	3	Exterior Finish	Stucco
Property Features	On-Site Management, Pitched Roofs, Attached Garages, Fire Sprinklered, Gated / Controlled Access		
Project Amenities	Clubhouse, Pool, Barbeque Area, Business Center, Cyber Café, Fitness Center, Yoga / Spin Room		
Unit Amenities	Washer / Dryer, 10-Foot Ceilings, Ceiling Fans, Ceramic Tile Flooring, Private Patios / Balconies, Quartz Countertops, Stainless Steel Appliances, Wine Storage		

**Sale Summary**

Recorded Buyer	Knightvest Memorial Domain LP	Marketing Time	2 Month(s)
True Buyer	David S. Moore	Buyer Type	Private Investor
Recorded Seller	Domain Memorial Project, LP	Seller Type	Private Investor
True Seller	John Cutrer	Primary Verification	PSA
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartment	Date	3/8/2022
Proposed Use	Apartments	Sale Price	\$100,000,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$100,000,000
Doc #	RP-2022-122912	Capital Adjustment	\$0
		Adjusted Price	\$100,000,000

**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/unit and /sf
03/2022	Sale	Knightvest Memorial Domain LP	Domain Memorial Project, LP	\$100,000,000	\$319,489 / \$236.52



Sale	Residential - Multi-unit Garden	No. 4
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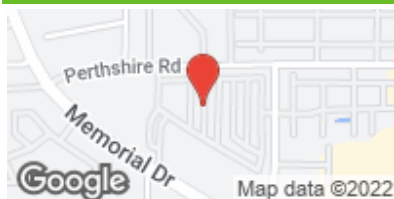
#### Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	12.60
Buyer's Primary Analysis	Static Capitalization Analysis	Op Exp Ratio (OER)	46.49%
Net Initial Yield/Cap. Rate	4.25%	Adjusted Price / sf	\$236.52
Projected IRR	N/A	Adjusted Price / Unit	\$319,489
Actual Occupancy at Sale	95%		

#### Financial

Revenue Type	Pro Forma Stabilized
Period Ending	2/4/2022
Source	Buyer
Price	\$100,000,000
Potential Gross Income	\$8,720,565
Economic Occupancy	91%
Economic Loss	\$784,851
Effective Gross Income	\$7,935,714
Expenses	\$3,689,493
Net Operating Income	\$4,246,221
NOI / sf	\$10.04
NOI / Unit	\$13,566
EGIM	12.60
OER	46.49%
Net Initial Yield/Cap. Rate	4.25%

#### Map & Comments



This property consist of three story townhome style development with all units having a one or two car attached garage on the first floor, with kitchens and living rooms on the second level and bedrooms on the third level. The buyer plans on a \$5,575,450 renovation program that will renovated 110 unit interiors which is scheduled to be completed over a 24 month period. These units are referred to as the darker Mediterranean units to a lighter unit interiors which the buyer realizes are more in demand and rent for a premium over the darker units.

# Sale Residential - Multi-unit Garden No. 5

Property Name Village on Memorial Heights fka AMLI Memorial Heights  
 Address 3003 Memorial Court  
 Houston, TX 77007  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 121-050-000-0001

## Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BD/1BA	36	9%	753	\$1,352	\$1.80
1BD/1BA	38	10%	849	\$1,499	\$1.77
1BD/1BA	14	4%	868	\$1,499	\$1.73
1BD/1.5BA	16	4%	948	\$1,588	\$1.68
1BD/1.5BA	32	8%	1,028	\$1,499	\$1.46
1BD/1BA	8	2%	1,057	\$1,484	\$1.40
1BD/1BA	4	1%	1,100	\$1,581	\$1.44
2BD/2BA	44	12%	1,119	\$1,678	\$1.50
1BD/1BA	12	3%	1,174	\$1,639	\$1.40
2BD/2BA	40	11%	1,261	\$1,776	\$1.41
2BD/2BA	16	4%	1,298	\$1,881	\$1.45
1BD/1BA	8	2%	1,303	\$1,804	\$1.38
1BD/1.5BA	8	2%	1,308	\$1,937	\$1.48
2BD/2BA	8	2%	1,365	\$2,010	\$1.47
2BD/2.5BA	12	3%	1,524	\$2,056	\$1.35
3BD/2BA	16	4%	1,549	\$2,463	\$1.59
2BD/2.5BA	14	4%	1,553	\$2,056	\$1.32
2BD/2.5BA	16	4%	1,579	\$1,899	\$1.20
2BD/2.5BA	14	4%	1,645	\$2,069	\$1.26
2BD/2.5BA	10	3%	1,666	\$2,069	\$1.24
2BD/2BA	8	2%	1,747	\$2,497	\$1.43
3BD/2.5BA	2	1%	1,888	\$2,832	\$1.50
2BD/2.5BA	2	1%	1,893	\$2,319	\$1.23
2BD/2.5BA	2	1%	1,960	\$2,296	\$1.17
Totals/Avg	380			\$1,754	\$1.47



**Improvements**

Land Area	10.000 ac	Status	Existing
Net Rentable Area (NRA)	454,008 sf	Year Built	2001
Total # of Units	380 Unit	Year Renovated	N/A
Average Unit Size	1,195 sf	Condition	Good
Floor Count	4	Exterior Finish	Brick Veneer
Property Features	On-Site Management, Pitched Roofs, Structured Parking, Elevators, Gated / Controlled Access		
Project Amenities	Clubhouse, Jacuzzi / Hot Tub, Pool, Barbeque Area, Business Center, Dog Park / Run, Fitness Center, On-Site Security, Walking Trail, Yoga / Spin Room		
Unit Amenities	Fireplace, Washer / Dryer Connections , Washer / Dryer, 9-Foot Ceilings, Black Appliances, Carpeted Flooring, Ceiling Fans, Granite Countertops, In-Unit Storage, Laminate Countertops, Plank Flooring, Private Patios / Balconies, Stainless Steel Appliances		

**Sale Summary**

Recorded Buyer	3003 Memorial Houston LLC	Marketing Time	2 Month(s)
True Buyer	Madera Equity, LLC	Buyer Type	Private Investor
Recorded Seller	AMLI Memorial Heights, L.P.	Seller Type	Private Investor
True Seller	AMLI Memorial Heights, L.P.	Primary Verification	PSA
Interest Transferred	Leased Fee	Type	Sale
Current Use	Apartments	Date	10/1/2021
Proposed Use	Apartments	Sale Price	\$93,500,000
Listing Broker	N/A	Financing	Market Rate Financing
Selling Broker	N/A	Cash Equivalent	\$93,500,000
Doc #	RP-2021-567180	Capital Adjustment	\$0
		Adjusted Price	\$93,500,000

**Transaction Summary plus Five-Year CBRE View History**

<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Cash Equivalent Price/unit and /sf</u>
10/2021	Sale	3003 Memorial Houston LLC	AMLI Memorial Heights, L.P.	\$93,500,000	\$246,053 / \$205.94

<b>Sale</b>	<b>Residential - Multi-unit Garden</b>	<b>No. 5</b>
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<b>Units of Comparison</b>			
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Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	11.87
Buyer's Primary Analysis	Yield Capitalization Analysis	Op Exp Ratio (OER)	56.91%
Net Initial Yield/Cap. Rate	3.63%	Adjusted Price / sf	\$205.94
Projected IRR	N/A	Adjusted Price / Unit	\$246,053
Actual Occupancy at Sale	96%		

<b>Financial</b>			
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Revenue Type	Pro Forma
Period Ending	Stabilized
Source	7/31/2022
Price	Appraiser
Potential Gross Income	\$93,500,000
Economic Occupancy	\$7,727,676
Economic Loss	94%
Effective Gross Income	\$463,661
Expenses	\$7,879,314
Net Operating Income	\$4,484,459
NOI / sf	\$3,394,855
NOI / Unit	\$7.48
EGIM	\$8,934
OER	11.87
Net Initial Yield/Cap. Rate	56.91%
	3.63%

<b>Map &amp; Comments</b>	
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AMLI Memorial Heights was constructed in 2001 and consists of 380 units within eight 4-story mid-rise style buildings. This property includes a clubhouse with a lounge area, a fitness center, and a resort style pool with an outdoor grilling station. Pro Forma income and expenses were used to derive the financial indicators. The analysis reflects adjustments for loss to lease, concessions, vacancy, credit loss, gross receipts tax and reserves for replacement.

**Sale****Office - Single Tenant****No. 9**

Property Name 5000 Headquarters - former McAfee HQ  
 Address 5000 Headquarters Drive  
 SWQ Preston Road and Headquarters  
 Plano, TX 57024  
 United States  
 Government Tax Agency Collin  
 Govt./Tax ID N/A

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	20.940	912,146
Land Area Gross	N/A	N/A

Site Development Status	Finished
Shape	Irregular
Topography	Generally Level
Utilities	All

Maximum Floor Area N/A  
 Maximum FAR N/A  
 Actual FAR 0.19

Frontage Distance/Street	N/A	Preston Road
Frontage Distance/Street	N/A	Headquarters Drive

Zoning N/A  
 General Plan N/A

**Improvements**

Gross Building Area	169,900 sf	Floor Count	3
Net Rentable Area (NRA)	167,420 sf	Parking Type	Open Concrete
Usable Area	N/A	Parking Ratio	0.00/1,000 sf
Load Factor	N/A	Condition	Average
Status	Existing	Exterior Finish	Masonry
Occupancy Type	Multi-tenant	Investment Class	A-
Year Built	2002	Number of Buildings	1
Year Renovated	N/A		
Amenities	N/A		

**Sale Summary**

Recorded Buyer CCI-D 5000 HQ  
 True Buyer Capital Commercial Investments - Austin  
 Recorded Seller McAfee Inc  
 True Seller N/A

Interest Transferred Fee Simple/Freehold  
 Current Use Vacant Single Tenant Office  
 Proposed Use N/A  
 Listing Broker N/A  
 Selling Broker N/A  
 Doc # 20211124002407340

Marketing Time N/A  
 Buyer Type N/A  
 Seller Type N/A  
 Primary Verification Grantee BR

Type	Sale
Date	11/24/2021
Sale Price	\$32,000,000
Financing	Cash to Seller
Cash Equivalent	\$32,000,000
Capital Adjustment	-\$6,534,000
Adjusted Price	\$25,466,000

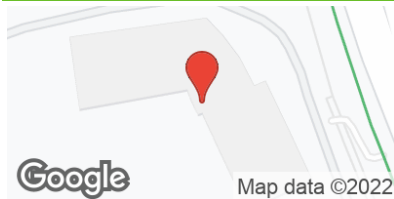
<b>Sale</b>	<b>Office - Single Tenant</b>	<b>No. 9</b>
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**Transaction Summary plus Five-Year CBRE View History**

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
11/2021	Sale	CCI-D 5000 HQ	McAfee Inc	\$32,000,000	\$191.14

**Units of Comparison**

Static Analysis Method	N/A	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	N/A	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	N/A	Adjusted Price / sf	\$152.11
Projected IRR	N/A	Wtd. Avg. Lease Expiry	N/A
Actual Occupancy at Sale	N/A		

**Financial****No information recorded****Map & Comments**

This comparable is the former single tenant McAfee HQ office well located at the southwest corner of Preston Road and Headquarters Drive in the popular Legacy Business Park. The grantee was CCI out of Austin, TX that reported at sales price of \$32,000,000 as vacant or \$191.14 per square foot. After deducting a reasonable \$30.00/SF land value for the 5 excess acres at the west portion of the property or \$6,534,000, the net price to the office building and parking lot would be \$25,466,000 or \$152.11 per square foot.

The property appears to include approximately 5 acres of vacant land (per CCAD and aerial) to the west for future expansion or resell.

Reportedly had a small older data center component. Features dual electrical service from separate substations, independent electrical service to each individual server, a compartmentalized transformer/generator array and special performance commissioning. The headquarters office component includes engineering labs, a customer care center, an executive briefing center, and a corporate cafeteria

**Sale****Office - Single Tenant****No. 10**

Property Name Corporate Office  
 Address 350 Phelps Drive  
 Irving, TX 75038  
 United States

Government Tax Agency N/A  
 Govt./Tax ID 322576300000000000

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	2.971	129,395
Land Area Gross	2.971	129,395

Site Development Status	Finished
Shape	Irregular
Topography	Moderate Slope
Utilities	All to property

Maximum Floor Area N/A  
 Maximum FAR N/A  
 Actual FAR 0.46

Frontage Distance/Street 240 ft Phelps Drive

Zoning PUD - Planned Unit Development  
 General Plan N/A

**Improvements**

Gross Building Area	59,930 sf	Floor Count	4
Gross Leasable Area (GLA)	54,971 sf	Parking Type	Open and Covered
Usable Area	N/A	Parking Ratio	3.73/1,000 sf
Load Factor	N/A	Condition	Good
Status	Existing	Exterior Finish	Masonry
Occupancy Type	Owner/User	Investment Class	B
Year Built	1980	Number of Buildings	1
Year Renovated	2015		
Amenities	N/A		

**Sale Summary**

Recorded Buyer	Asbury Automotive Texas LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	End User
Recorded Seller	350 Phelps Realty, LP	Seller Type	Private Investor
True Seller	N/A	Primary Verification	Buyer

Interest Transferred Fee Simple/Freehold  
 Current Use N/A  
 Proposed Use Office  
 Listing Broker N/A  
 Selling Broker N/A  
 Doc # 202100150757

Type	Sale
Date	5/20/2021
Sale Price	\$7,800,000
Financing	Cash to Seller
Cash Equivalent	\$7,800,000
Capital Adjustment	\$0
Adjusted Price	\$7,800,000



**Sale****Office - Single Tenant****No. 10****Transaction Summary plus Five-Year CBRE View History**

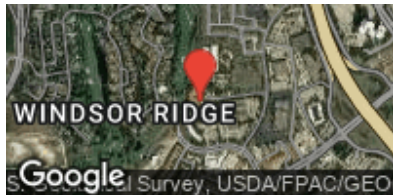
<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Cash Equivalent Price/sf</u>
05/2021	Sale	Asbury Automotive Texas LLC	350 Phelps Realty, LP	\$7,800,000	\$141.89

**Units of Comparison**

Static Analysis Method	N/A	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	Price (Primary Unit of Comparison)	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	N/A	Adjusted Price / sf	\$141.89
Projected IRR	N/A	Wtd. Avg. Lease Expiry	N/A
Actual Occupancy at Sale	100%		

**Financial**

	Pro Forma
Revenue Type	Stabilized
Period Ending	12/31/2020
Source	Appraiser
Price	\$7,800,000
Potential Gross Income	\$755,851
Economic Occupancy	10%
Economic Loss	\$680,266
Effective Gross Income	\$75,585
Expenses	N/A
Net Operating Income	\$619,630
NOI / sf	\$11.27
NOI / Unit	N/A
EGIM	103.19
OER	N/A
Net Initial Yield/Cap. Rate	7.94%

**Map & Comments**

This comparable represents a current contract for a 54,971-square foot, 4-story, Class B, single-tenant office facility located at 350 Phelps Drive, Irving, Dallas County, Texas 75038. The improvements were originally constructed in 1980, were renovated in 2015, and are situated on a 129,373 SF (2.97 Acs.) site. The property is well located within Irving adjacent to the TPC Four Seasons Las Colinas Golf Course. The improvements feature several amenities including multiple conference rooms, an "executive floor" with upgraded office space and finishes, two banquet rooms, and covered parking. The reported parking ratio is 3.73/1,000 SF. The property was owner-occupied by Park Place Motocars at the time of contract, and was sold in May 2021 for \$7,800,000, or \$141.89 per square foot. The buyer is Asbury Automotive Group, who plans to owner-occupy the property following closing.

**Sale****Office - Single Tenant****No. 11**

Property Name 5301 Legacy Drive Office Building  
 Address 5301 Legacy Drive  
 Plano, TX 75024  
 United States

Government Tax Agency Collin  
 Govt./Tax ID R2644239

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	19.664	856,564
Land Area Gross	24.953	1,086,965

Site Development Status	Finished
Shape	Irregular
Topography	Generally Level
Utilities	All

Maximum Floor Area N/A  
 Maximum FAR N/A  
 Actual FAR 0.35

Frontage Distance/Street	N/A Legacy Drive
Frontage Distance/Street	N/A Hedgecoxe Road

Zoning CE,, Commercial Employment  
 General Plan N/A

**Improvements**

Gross Building Area	296,434 sf	Floor Count	3
Net Rentable Area (NRA)	287,044 sf	Parking Type	Open and Covered
Usable Area	N/A	Parking Ratio	3.04/1,000 sf
Load Factor	N/A	Condition	Good
Status	Existing	Exterior Finish	Masonry
Occupancy Type	Single Tenant	Investment Class	A
Year Built	1998	Number of Buildings	1
Year Renovated	N/A		
Amenities	N/A		

**Sale Summary**

Recorded Buyer	PLANO-5301 LEGACY DRIVE OWNER LP	Marketing Time	N/A
True Buyer	Champions RE	Buyer Type	Private Investor
Recorded Seller	DR PEPPER/SEVEN UP INC	Seller Type	N/A
True Seller	N/A	Primary Verification	Buyer-Steve M-Champions

Interest Transferred Fee Simple/Freehold  
 Current Use Single-Tenant Office  
 Proposed Use Office  
 Listing Broker CBRE  
 Selling Broker CBRE  
 Doc # 20191220001630920

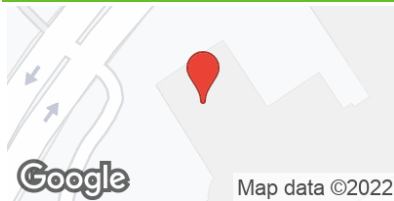
Type	Sale
Date	12/20/2019
Sale Price	\$50,000,000
Financing	Cash to Seller
Cash Equivalent	\$50,000,000
Capital Adjustment	\$-14,012,540
Adjusted Price	\$35,987,460

**Sale****Office - Single Tenant****No. 11****Transaction Summary plus Five-Year CBRE View History**

<b>Transaction Date</b>	<b>Transaction Type</b>	<b>Buyer</b>	<b>Seller</b>	<b>Price</b>	<b>Cash Equivalent Price/sf</b>
12/2019	Sale	PLANO-5301 LEGACY DRIVE OWNER LP	DR PEPPER/SEVEN UP INC	\$50,000,000	\$174.19

**Units of Comparison**

Static Analysis Method	Vacant at Market	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	Other	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	N/A	Adjusted Price / sf	\$125.37
Projected IRR	N/A	Wtd. Avg. Lease Expiry	N/A
Actual Occupancy at Sale	0%		

**Financial****No information recorded****Map & Comments**

This comparable is a Fee Simple investor purchase of a 285,000 rentable-square-foot, Class A office building located at 5301 Legacy Drive in Plano, TX. The 3-story improvements were built in 1998 and are situated on a 19.66-acre site. The property includes surface and garage parking at a ratio of 3.06/1,000 SF and was in good condition at the time of sale. Champion Partners reportedly purchased the soon-to-be vacant building in December 2019 for approximately \$50,000,000 or \$175.44 per square foot. However, there was 5.289 acres of excess land with buyer's \$25.00/SF allocation or \$5,760,025. Subtracting the excess land value from the total sales price of \$50 million, the net price to the building was \$49,994,239 or \$174.17 per square foot.

According to the buyer, the tenant (Dr. Pepper/Snapple) leased the property back through March 2021 (15 months or 1.25 years after the sale date) at a rental rate of \$23.00/SF, NNN. This lease income totaling \$8,252,515 (\$23.00/SF x 1.25 yrs. X 287,044 SF) is also deducted from the \$50,000,000 sale price in order to derive the Fee Simple As Vacant purchase price to the investor.

The total capital adjustment downward from the \$50 million price was \$14,012,540 (\$5,760,025 + \$8,252,515) and equates to a Fee Simple As Vacant price to the investor of \$35,987,460 or \$125.37/SF.

Buyer plans \$11,000,000 to \$12,000,000 in renovations and release the building to new tenants.

**Sale****Office - Single Tenant****No. 12**

Property Name Camillo HQ  
 Address 13141 Northwest Freeway  
 Houston, TX 77040  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 107-765-000-0001

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	4.913	214,019
Land Area Gross	N/A	N/A

Site Development Status	Finished
Shape	Rectangular
Topography	Generally Level
Utilities	All available

Maximum Floor Area N/A  
 Maximum FAR N/A  
 Actual FAR 0.24

Frontage Distance/Street N/A Highway 290

Zoning None  
 General Plan N/A

**Improvements**

Gross Building Area	51,345 sf	Floor Count	2
Gross Building Area (GBA)	51,345 sf	Parking Type	Surface
Usable Area	N/A	Parking Ratio	4.93/1,000 sf
Load Factor	N/A	Condition	Average
Status	Existing	Exterior Finish	Glass
Occupancy Type	Single Tenant	Investment Class	B
Year Built	1979	Number of Buildings	1
Year Renovated	N/A		
Amenities	N/A		

**Sale Summary**

Recorded Buyer Camillo Office # 2 LLC  
 True Buyer Legend Homes Houston  
 Recorded Seller 13141 NW Freeway Realty LTD  
 True Seller N/A

Marketing Time 7 Month(s)  
 Buyer Type End User  
 Seller Type Private Investor  
 Primary Verification Broker

Interest Transferred Fee Simple/Freehold  
 Current Use Office Building  
 Proposed Use Office Building  
 Listing Broker CBRE, Inc.  
 Selling Broker N/A  
 Doc # 540915

Type	Sale
Date	12/6/2019
Sale Price	\$4,850,000
Financing	Cash to Seller
Cash Equivalent	\$4,850,000
Capital Adjustment	\$0
Adjusted Price	\$4,850,000



# Sale Office - Single Tenant No. 12

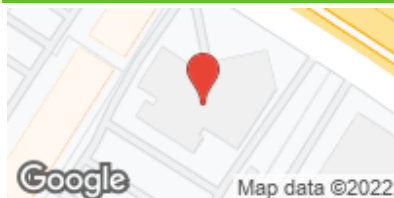
## Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
12/2019	Sale	Camillo Office # 2 LLC	13141 NW Freeway Realty LTD	\$4,850,000	\$94.46
12/2018	Sale	Confidential	AUTOMATIC DATA PROCESSING	\$3,000,000	\$58.43

## Units of Comparison

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	6.56
Buyer's Primary Analysis	Owner/Occupier	Op Exp Ratio (OER)	48.61%
Net Initial Yield/Cap. Rate	7.83%	Adjusted Price / sf	\$94.46
Projected IRR	N/A	Wtd. Avg. Lease Expiry	N/A
Actual Occupancy at Sale	0%		

## Map & Comments



This is a sale of a 51,345 SF office building located at 13141 Northwest Freeway in Houston, TX. The property was two stories featuring Class B steel and glass construction, and was situated on a 4.91 acre parcel. At the time of sale the property was occupied by ADP on a short-term lease through March 2020. It was effectively vacant and being purchased for owner-occupancy. The sale occurred on December 6, 2019 for \$4,850,000, or \$94.46 per square foot.

**Sale****Office - Single Tenant****No. 13**

Property Name Parcel 112 AAQ  
 Address 10555 Richmond Avenue  
 Houston, TX 77042  
 United States

Government Tax Agency Harris County  
 Govt./Tax ID 1141460030012, 1141460030013

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	3.040	132,422
Land Area Gross	N/A	N/A

Site Development Status	Finished
Shape	L Shaped
Topography	Level, At Street Grade
Utilities	N/A

Maximum Floor Area N/A  
 Maximum FAR N/A  
 Actual FAR 0.38

Frontage Distance/Street	N/A Richmond
Frontage Distance/Street	N/A Rogerdale

Zoning None  
 General Plan N/A

**Improvements**

Gross Building Area	49,865 sf	Floor Count	4
Net Rentable Area (NRA)	49,865 sf	Parking Type	Surface
Usable Area	N/A	Parking Ratio	3.79/1,000 sf
Load Factor	N/A	Condition	Good
Status	Existing	Exterior Finish	Brick
Occupancy Type	Single Tenant	Investment Class	B
Year Built	1981	Number of Buildings	1
Year Renovated	2013		
Amenities	N/A		

**Sale Summary**

Recorded Buyer	Texas Transportation Comn	Marketing Time	N/A
True Buyer	Texas Department of Transportation	Buyer Type	N/A
Recorded Seller	Us Harmony Llc	Seller Type	N/A
True Seller	N/A	Primary Verification	Todd Casper, CBRE, Inc.

Interest Transferred Fee Simple/Freehold  
 Current Use Office  
 Proposed Use N/A  
 Listing Broker Midland Realty Group  
 Selling Broker N/A  
 Doc # 20190508304

Type	Sale
Date	11/13/2019
Sale Price	\$7,000,000
Financing	Cash to Seller
Cash Equivalent	\$7,000,000
Capital Adjustment	\$0
Adjusted Price	\$7,000,000

**Sale****Office - Single Tenant****No. 13****Transaction Summary plus Five-Year CBRE View History**

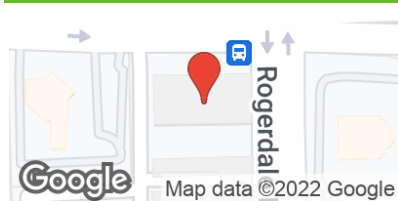
<u>Transaction Date</u>	<u>Transaction Type</u>	<u>Buyer</u>	<u>Seller</u>	<u>Price</u>	<u>Cash Equivalent Price/sf</u>
11/2019	Sale	Texas Transportation Comn	Us Harmony Llc	\$7,000,000	\$140.38

**Units of Comparison**

Static Analysis Method	Pro Forma (Stabilized)	Eff Gross Inc Mult (EGIM)	12.17
Buyer's Primary Analysis	Yield Capitalization Analysis	Op Exp Ratio (OER)	0.00%
Net Initial Yield/Cap. Rate	8.21%	Adjusted Price / sf	\$140.38
Projected IRR	N/A	Wtd. Avg. Lease Expiry	N/A
Actual Occupancy at Sale	0%		

**Financial**

Revenue Type	Pro Forma Stabilized
Period Ending	N/A
Source	N/A
Price	\$7,000,000
Potential Gross Income	\$560,000
Economic Occupancy	100%
Economic Loss	\$0
Effective Gross Income	\$575,000
Expenses	\$0
Net Operating Income	\$575,000
NOI / sf	\$11.53
NOI / Unit	N/A
EGIM	12.17
OER	0.00%
Net Initial Yield/Cap. Rate	8.21%

**Map & Comments**

This comparable represents a 49,865-square-foot, Class B single tenant office property, which is situated on a 3.04-acre parcel at 10555 Richmond Avenue, Houston, TX. The 4-story improvements were originally constructed in 1981 and were considered in good condition at the time of sale. The exterior walls depict brick construction components. The parking type is described as surface with a parking ratio of 3.79 spaces per 1,000 square feet. The property sold in November 2019 for \$7,000,000, or \$140.38 per square foot. Pro Forma (Stabilized) net operating income at the time of sale was \$575,000, or \$11.53 per square foot, for an overall capitalization rate of 8.21%. Occupancy at the time of sale was 0%. The property was purchased by an owner-user.



**Sale****Office - Single Tenant****No. 14**

Property Name West Coast University Building  
 Address 2323 North Central Expressway  
 Richardson, TX 75080  
 United States

Government Tax Agency Dallas

Govt./Tax ID 42071600010020000;421243200A01A0000;651513685  
 00030000

**Site/Government Regulations**

	Acres	Square feet
Land Area Net	11.140	485,258
Land Area Gross	17.931	781,075

Site Development Status	Finished
Shape	Irregular
Topography	Generally Level
Utilities	All

Maximum Floor Area	N/A
Maximum FAR	N/A
Actual FAR	0.28

Frontage Distance/Street	812 ft	N. Central Expressway
Frontage Distance/Street	713 ft	Collins Boulevard
Frontage Distance/Street	327 ft	Galatyn Parkway
Frontage Distance/Street	510 ft	Palisades Boulevard

Zoning	TO-M, Technical Office District
General Plan	N/A

**Improvements**

Gross Building Area	136,491 sf	Floor Count	3
Net Rentable Area (NRA)	136,491 sf	Parking Type	Surface
Usable Area	N/A	Parking Ratio	5.96/1,000 sf
Load Factor	N/A	Condition	Good
Status	Existing	Exterior Finish	Masonry
Occupancy Type	Owner/User	Investment Class	A
Year Built	1985	Number of Buildings	1
Year Renovated	2017		
Amenities	Surface Parking		

**Sale Summary**

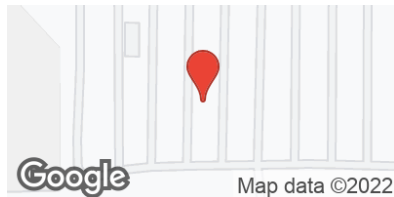
Recorded Buyer	2323 Realty Investments, LLC	Marketing Time	N/A
True Buyer	N/A	Buyer Type	End User
Recorded Seller	KDC 2323 INVESTMENTS I, LP	Seller Type	Developer
True Seller	N/A	Primary Verification	Buyer-Mr. Darry Lycett
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Office	Date	9/27/2019
Proposed Use	Office/School	Sale Price	\$21,800,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$21,800,000
Doc #	201900259385	Capital Adjustment	\$-3,700,000
		Adjusted Price	\$18,100,000

**Sale****Office - Single Tenant****No. 14****Transaction Summary plus Five-Year CBRE View History**

<b>Transaction Date</b>	<b>Transaction Type</b>	<b>Buyer</b>	<b>Seller</b>	<b>Price</b>	<b>Cash Equivalent Price/sf</b>
09/2019	Sale	2323 Realty Investments, LLC	KDC 2323 INVESTMENTS I, LP	\$21,800,000	\$159.72

**Units of Comparison**

Static Analysis Method	Other (see comments)	Eff Gross Inc Mult (EGIM)	N/A
Buyer's Primary Analysis	Owner/Occupier	Op Exp Ratio (OER)	N/A
Net Initial Yield/Cap. Rate	N/A	Adjusted Price / sf	\$132.61
Projected IRR	N/A	Wtd. Avg. Lease Expiry	N/A
Actual Occupancy at Sale	0%		

**Map & Comments**

This comparable is a 136,491 gross and rentable-square-foot, 3-story, office building located at 2323 North Central Expressway in Richardson, Texas and was acquired in September 2019 for the future use as the West Coast University campus. The building was completed in 1986, most recently partially renovated in 2017 (approximately \$1.5-\$2.0 million spent by the prior owners-lobby/atrium, restrooms, corridors, rooftop chillers replaced), and is considered to be in overall good condition. The property consists of a 17.93-acre site (of which, approximately 11.14 acres represent the improved site and 6.79 acres are considered to be excess land). The building is considered to be a Class A property in this market.

The property was previously owner-occupied by Fossil, Inc. who vacated the property in June 2011 when the property was purchased by KDC. The building was renovated by KDC in 2017 for marketing purposes. Currently, the property is 0.0% occupied and will reportedly be leased to West Coast University via an in-house lease that is projected by the new owners to commence in August 2021 after the completion of interior finish-out (the office/classroom areas are currently in shell condition). The buy \$200-\$300/SF for additional updates/renovations and conversion to a school campus (although no detailed breakdown of these costs were provided and this cost may include FF&E as well as building improvements).

The property was purchased in September 2019 for a reported \$21,800,000 or \$159.72 per square foot as vacant and partially renovated, but included an estimated 6.79 acres of vacant land, estimated by the appraisers to be approximately \$3,700,000 of the overall purchase price. The net purchase price for the building/main site improvements and underlying 11.14 acres of land is \$18,100,000 or \$132.61 per square foot.

According to the buyer, the property was previously under contract at \$22,400,000 or \$164.11 per square foot, but was further reduced due to negotiations with the seller after the buyer performed their property inspection.

Addendum C

# RENT COMPARABLE DATA SHEETS

# Comparable Residential - Multi-unit Mid / High Rise No. 1

Property Name The Ivy River Oaks  
Address 2311 Mid Lane  
Houston, TX 77027  
United States

Government Tax Agency N/A  
Govt./Tax ID 134-969-001-0002

## Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Efficiency	16	5%	550	\$1,521	\$2.77
1BR/1BA	32	11%	784	\$1,971	\$2.51
1BR/1BA	142	48%	896	\$2,259	\$2.52
2BR/2BA	17	6%	1,135	\$2,675	\$2.36
1BR/1BA	8	3%	1,180	\$2,880	\$2.44
2BR/2BA	13	4%	1,401	\$3,430	\$2.45
2BR/2BA	8	3%	1,486	\$3,927	\$2.64
2BR/2BA	15	5%	1,521	\$3,891	\$2.56
2BR/2BA	14	5%	1,678	\$3,925	\$2.34
2BR/2BA	6	2%	1,827	\$4,960	\$2.71
3BR/2BA	14	5%	2,026	\$5,332	\$2.63
2BR/2BA	2	1%	2,090	\$4,955	\$2.37
3BR/3BA	1	0%	2,365	\$6,713	\$2.84
3BR/3BA	1	0%	2,370	\$8,533	\$3.60
3BR/3BA	1	0%	2,426	\$9,640	\$3.97
3BR/2.5BA	1	0%	2,429	\$7,752	\$3.19
3BR/3.5BA	1	0%	2,512	\$7,899	\$3.14
3BR/3BA	1	0%	3,070	\$10,907	\$3.55
Totals/Avg	293			\$2,839	\$2.56



## Improvements

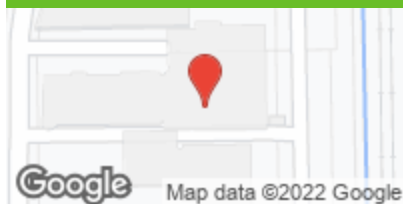
Land Area	1.486 ac	Status	Existing
Net Rentable Area (NRA)	324,941 sf	Year Built	2017
Total # of Units	297 Unit	Year Renovated	N/A
Average Unit Size	1,109 sf	Condition	Good
Floor Count	17	Exterior Finish	Brick Veneer
Property Features	On-Site Management, Structured Parking, Elevators, Fire Sprinklered, Gated / Controlled Access, Interior Corridors		
Project Amenities	Clubhouse, Concierge, Pool, Business Center, Conference Room, Cyber Café, Fitness Center, On-Site Security, Outdoor Kitchen, Theater, Yoga / Spin Room		
Unit Amenities	Washer / Dryer, 10-Foot Ceilings, Ceiling Fans, Garden Tubs, Granite Countertops, Hardwood Flooring, Stainless Steel Appliances, Tile Backsplash, Tub / Shower Combo, Wine Storage		

## Rental Survey

Occupancy	88%	Utilities Included in Rent	None
Lease Term	12 Mo(s).	Rent Premiums	Yes
Tenant Profile	Professional	Concessions	None
Survey Date	06/2022	Owner	N/A
Survey Notes	Data Source; Apartment Data Services	Management	Greystar - Rebecca Bond

<b>Comparable</b>	<b>Residential - Multi-unit Mid / High Rise</b>	<b>No. 1</b>
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**Map & Comments**



This property is a newly built Class A high-rise property located in the Highland Village/Upper Kirby/West U submarket. The property was built in 2017 and parking is provided via a structured parking garage that totals 151,434 square feet according to the Harris County Appraisal District. Additionally, reserved parking is provided for a monthly fee of \$75 per month and detached garages rent for \$225.

# Comparable Residential - Multi-unit Mid / High Rise No. 2

Property Name Avenue Grove  
Address 3815 Eastside  
Houston, TX 77098  
United States

Government Tax Agency Harris  
Govt./Tax ID Multiple

## Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
2BR/2BA	18	7%	115	\$2,280	\$19.83
1BR/1BA	6	2%	623	\$1,382	\$2.22
1BR/1BA	12	4%	709	\$1,481	\$2.09
1BR/1BA	6	2%	739	\$1,631	\$2.21
1BR/1BA	1	0%	790	\$1,729	\$2.19
1BR/1BA	42	16%	794	\$1,658	\$2.09
1BR/1BA	12	4%	802	\$1,631	\$2.03
1BR/1BA	1	0%	809	\$1,700	\$2.10
1BR/1BA	11	4%	819	\$1,723	\$2.10
1BR/1BA	24	9%	842	\$1,669	\$1.98
1BR/1BA	6	2%	874	\$1,774	\$2.03
1BR/1BA	24	9%	879	\$1,747	\$1.99
1BR/1BA	24	9%	886	\$1,878	\$2.12
1BR/1BA	12	4%	932	\$1,869	\$2.01
1BR/1BA	1	0%	984	\$2,463	\$2.50
2BR/2BA	6	2%	1,119	\$2,326	\$2.08
2BR/2BA	12	4%	1,124	\$2,345	\$2.09
2BR/2BA	1	0%	1,135	\$2,676	\$2.36
2BR/2BA	6	2%	1,168	\$2,310	\$1.98
2BR/2BA	1	0%	1,360	\$3,236	\$2.38
2BR/2BA	5	2%	1,362	\$3,270	\$2.40
2BR/2BA	10	4%	1,389	\$3,185	\$2.29
2BR/2BA	6	2%	1,432	\$3,053	\$2.13
2BR/2BA	11	4%	1,525	\$3,229	\$2.12
2BR/2BA	1	0%	1,577	\$3,468	\$2.20
2BR/2BA	1	0%	1,584	\$3,516	\$2.22
2BR/2BA	2	1%	1,591	\$3,225	\$2.03
2BR/2BA	2	1%	1,603	\$3,196	\$1.99
2BR/2BA	1	0%	1,647	\$3,548	\$2.15
2BR/2BA	1	0%	1,712	\$4,133	\$2.41
2BR/2BA	1	0%	1,733	\$3,748	\$2.16
2BR/2BA	1	0%	1,759	\$3,225	\$1.83
2BR/2BA	1	0%	1,791	\$2,736	\$1.53
Totals/Avg	269			\$2,053	\$2.24



**Improvements**

Land Area	N/A	Status	Existing
Building Area	N/A	Year Built	2016
Total # of Units	270 Units	Year Renovated	N/A
Average Unit Size	984 sf	Condition	Good
Floor Count	8	Exterior Finish	Brick Veneer
Property Features	Structured Parking, Elevators, Interior Corridors		
Project Amenities	Clubhouse, Concierge, Pool, Barbeque Area, Business Center, Fitness Center		
Unit Amenities	Dishwasher, Washer / Dryer, 10-Foot Ceilings, Granite Countertops, Stainless Steel Appliances, Tile Backsplash, Tub / Shower Combo		

**Rental Survey**

Occupancy	89%	Utilities Included in Rent	None
Lease Term	3 - 15 Mo(s).	Rent Premiums	None
Tenant Profile	Professionals	Concessions	None
Survey Date	06/2022	Owner	N/A
Survey Notes	Data Source: Apartment Data Services	Management	Lincoln Property Co - Kristen Becker



<b>Comparable</b>	<b>Residential - Multi-unit Mid / High Rise</b>	<b>No. 2</b>
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**Map & Comments**



This comparable offers reserved parking spaces for \$50 a month. It is adjacent to Levy Park and access to the comparable is provided by the Southwest Freeway. The unit mix is a representative sample due to the number of floor plans at the property.

**Comparable****Residential - Multi-unit Lofts****No. 3**

Property Name The Grey House River Oaks  
 Address 4444 Westheimer Road  
 Houston, TX 77027  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 140-441-000-0002

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Efficiency	1	0%	623	\$1,524	\$2.45
1BR/1BA	146	52%	810	\$1,990	\$2.46
2BR/2BA	87	31%	1,154	\$2,700	\$2.34
1BR/1BA	26	9%	1,228	\$2,340	\$1.91
2BR/2BA	16	6%	1,481	\$3,100	\$2.09
3BR/2BA	3	1%	1,696	\$3,600	\$2.12
Totals/Avg	279			\$2,323	\$2.32

**Improvements**

Land Area	5.563 ac	Status	Existing
Net Rentable Area (NRA)	279,993 sf	Year Built	2016
Total # of Units	279 Unit	Year Renovated	N/A
Average Unit Size	1,004 sf	Condition	Excellent
Floor Count	5	Exterior Finish	Brick Veneer
Property Features	Structured Parking, Elevators, Fire Sprinklered, Interior Corridors		
Project Amenities	Clubhouse, Concierge, Pool, Business Center, Dog Grooming Station, Electric Car Charging Station, Fitness Center, Outdoor Fireplace, Tanning Bed		
Unit Amenities	Gourmet Kitchen, Washer / Dryer, Ceiling Fans, Ceramic Tile Flooring, Granite Countertops, Stainless Steel Appliances, Tile Backsplash, Under-cabinet Lighting, Wine Storage		

**Rental Survey**

Occupancy	95%	Utilities Included in Rent	None
Lease Term	12 Mo(s).	Rent Premiums	N/A
Tenant Profile	Professional	Concessions	None
Survey Date	06/2022	Owner	N/A
Survey Notes	Data Source: Apartment Data Services	Management	Greystar - Jeffrey Hope

Comparable	Residential - Multi-unit Lofts	No. 3
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Map & Comments



This is a 5 story Class A elevator served property with air-conditioned corridors. It has two pools and offers concierge and dry cleaning services, Reserved parking spaces rent for \$100 a month.

# Comparable Residential - Multi-unit Mid / High Rise No. 4

Property Name The James  
Address 2303 Mid Lane  
Houston, TX 77027  
United States

Government Tax Agency 134-969-001-0003

Govt./Tax ID 134-969-001-0003

## Unit Mix Detail

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
Efficiency	16	5%	504	\$1,392	\$2.76
Efficiency	7	2%	513	\$1,348	\$2.63
Efficiency	8	2%	513	\$1,703	\$3.32
Efficiency	7	2%	540	\$1,392	\$2.58
Efficiency	7	2%	570	\$1,482	\$2.60
Efficiency	12	4%	641	\$1,478	\$2.31
1BR/1BA	25	7%	672	\$1,639	\$2.44
1BR/1BA	1	0%	684	\$1,735	\$2.54
Efficiency	8	2%	684	\$1,570	\$2.30
1BR/1BA	7	2%	699	\$1,733	\$2.48
1BR/1BA	3	1%	719	\$1,714	\$2.38
1BR/1BA	14	4%	720	\$1,563	\$2.17
1BR/1BA	7	2%	720	\$1,629	\$2.26
1BR/1BA	12	4%	729	\$1,680	\$2.30
1BR/1BA	12	4%	737	\$2,062	\$2.80
1BR/1BA	6	2%	749	\$1,967	\$2.63
1BR/1BA	13	4%	756	\$1,785	\$2.36
1BR/1BA	10	3%	778	\$1,735	\$2.23
1BR/1BA	2	1%	782	\$1,575	\$2.01
1BR/1BA	16	5%	787	\$1,827	\$2.32
1BR/1BA	7	2%	810	\$1,765	\$2.18
1BR/1BA	12	4%	813	\$1,925	\$2.37
1BR/1BA	6	2%	821	\$1,989	\$2.42
1BR/1BA	6	2%	837	\$1,890	\$2.26
1BR/1BA	24	7%	875	\$1,842	\$2.11
2BR/2BA	3	1%	1,026	\$2,339	\$2.28
2BR/2BA	5	1%	1,056	\$2,225	\$2.11
2BR/2BA	1	0%	1,059	\$2,398	\$2.26
2BR/2BA	12	4%	1,091	\$2,544	\$2.33
2BR/2BA	8	2%	1,096	\$2,538	\$2.32
2BR/2BA	10	3%	1,112	\$2,463	\$2.21
2BR/2BA	22	6%	1,135	\$2,538	\$2.24
2BR/2BA	8	2%	1,139	\$2,451	\$2.15
2BR/2BA	8	2%	1,217	\$2,685	\$2.21
2BR/2BA TH	2	1%	1,292	\$2,967	\$2.30
2BR/2BA TH	1	0%	1,376	\$2,862	\$2.08
2BR/2BA	8	2%	1,529	\$3,403	\$2.23
3BR/2BA	6	2%	1,867	\$4,232	\$2.27
Totals/Avg	342			\$1,976	\$2.33



**Improvements**

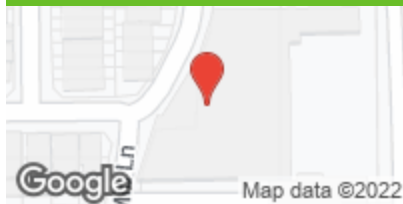
Land Area	2.720 ac	Status	Existing
Net Rentable Area (NRA)	290,180 sf	Year Built	2015
Total # of Units	342 Unit	Year Renovated	N/A
Average Unit Size	848 sf	Condition	Excellent
Floor Count	8	Exterior Finish	Brick Veneer
Property Features	Flat Roofs, On-Site Management, Structured Parking, Elevators, Gated / Controlled Access, Interior Corridors, Interior Stairwells		
Project Amenities	Concierge, Pool, Business Center, Conference Room, Courtyard, Cyber Café, On-Site Security, Playground, Storage Units		
Unit Amenities	Gourmet Kitchen, Washer / Dryer, 10-Foot Ceilings, Ceiling Fans, Granite Countertops, Private Patios / Balconies, Stainless Steel Appliances, Stand-up Shower, Tile Backsplash, Tub / Shower Combo, Vinyl Flooring		

**Rental Survey**

Occupancy	90%	Utilities Included in Rent	None
Lease Term	12 Mo(s).	Rent Premiums	None
Tenant Profile	Professional	Concessions	None
Survey Date	06/2022	Owner	N/A
Survey Notes	Data Source: Apartment Data Services	Management	Greystar - Rebecca Bond

Comparable	Residential - Multi-unit Mid / High Rise	No. 4
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Map & Comments
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This is an 8 story Class A+ property with 344-units. The property is located on Mid Lane, just north of Westheimer Road just inside of Loop 610. The comparable features high-end Class A amenities including: clubhouse, business center, fitness center, one pool, barbeque grills, door to door trash pickup, structured parking garage, gated entrance, TV monitor security, elevators and w/d machines in each unit and a resident bar. Reserved parking spaces in the garage lease for \$75 per month and detached garages are offered for \$200 a month. Each unit is individually metered for electricity and the tenants are billed for water/sewer, gas and trash. This property started leasing units in November 2015, thus it has averaged leasing 13 units a month. The unit mix is a representative sample due to the number of floor plans at the property.

**Comparable****Residential - Multi-unit Garden****No. 5**

Property Name Alexan River Oaks  
 Address 3015 Wesleyan Street  
 Houston, TX 77027  
 United States

Government Tax Agency N/A  
 Govt./Tax ID 136-782-001-0001

**Unit Mix Detail**

Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	8	2%	621	\$1,595	\$2.57
1BR/1BA	68	18%	675	\$1,730	\$2.56
1BR/1BA	35	9%	710	\$1,870	\$2.63
1BR/1BA	92	24%	738	\$1,870	\$2.53
1BR/1BA	78	20%	850	\$2,120	\$2.49
1BR/1BA	7	2%	859	\$2,280	\$2.65
1BR/1BA	8	2%	910	\$2,295	\$2.52
1BR/1BA	4	1%	992	\$2,490	\$2.51
2BR/2BA	3	1%	1,054	\$2,515	\$2.39
1BR/1BA	2	1%	1,074	\$2,690	\$2.50
2BR/2BA	3	1%	1,100	\$2,790	\$2.54
2BR/2BA	28	7%	1,127	\$2,740	\$2.43
1BR/1BA	4	1%	1,142	\$2,710	\$2.37
2BR/2BA	6	2%	1,151	\$3,030	\$2.63
2BR/2BA	7	2%	1,152	\$2,850	\$2.47
2BR/2BA	6	2%	1,160	\$3,065	\$2.64
2BR/2BA	22	6%	1,423	\$3,650	\$2.57
Totals/Avg	381			\$2,161	\$2.53

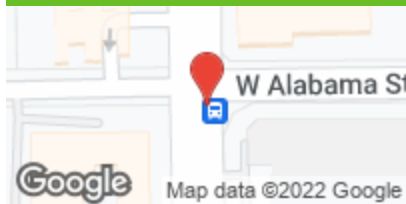
**Improvements**

Land Area	4.598 ac	Status	Existing
Net Rentable Area (NRA)	325,145 sf	Year Built	2021
Total # of Units	381 Unit	Year Renovated	N/A
Average Unit Size	853 sf	Condition	New
Floor Count	6	Exterior Finish	Brick
Property Features	Under-building Parking		
Project Amenities	Clubhouse, Game Room, Barbeque Area, Billiards, Business Center, Cyber Café, Dog Grooming Station, Dog Park / Run, Fitness Center, Outdoor Kitchen		
Unit Amenities	Granite Countertops, Stainless Steel Appliances, Tile Backsplash		

**Rental Survey**

Occupancy	88%	Utilities Included in Rent	None
Lease Term	14 - 18 Mo(s).	Rent Premiums	None
Tenant Profile	N/A	Concessions	2-8 weeks free with 15+ month lease
Survey Date	06/2022	Owner	N/A
Survey Notes	Source: Apartmentdata.com	Management	Greystar - Christine Doggett



**Comparable****Residential - Multi-unit Garden****No. 5****Map & Comments**

Alexan River Oaks consist of four, six-story apartment buildings. It offers a 3 level parking garage with level one being basement parking, level two at grade and level three above grade. Construction was complete at the end of 2020, and the property was developed by Trammell Crow Residential. Supply chain issues onset by COVID delayed the construction process. The comparable began leasing units in January of 2021 and has absorbed an average of 23.5 units per month.

**Comparable****Residential - Multi-unit Garden****No. 6**

Property Name Gables Cityscape  
 Address 3720 West Alabama  
 Houston, TX 77027  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 117-150-000-0001

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	24	10%	614	\$1,205	\$1.96
1BR/1BA	36	14%	676	\$1,195	\$1.77
1BR/1BA	12	5%	737	\$1,225	\$1.66
1BR/1BA	48	19%	749	\$1,275	\$1.70
1BR/1BA Den	24	10%	894	\$915	\$1.02
2BR/2BA	36	14%	949	\$1,385	\$1.46
2BR/2BA	12	5%	1,012	\$1,515	\$1.50
2BR/2BA	48	19%	1,038	\$1,485	\$1.43
2BR/2BA Sunrm	12	5%	1,118	\$1,605	\$1.44
Totals/Avg	252			\$1,303	\$1.53

**Improvements**

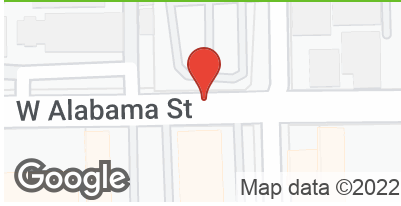
Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	1991
Total # of Units	252 Unit	Year Renovated	2014
Average Unit Size	852 sf	Condition	Average
Floor Count	3	Exterior Finish	Brick Veneer
Property Features	Detached Garages		
Project Amenities	Pool, Barbeque Area, Business Center, Courtyard, Fitness Center		
Unit Amenities	Washer / Dryer, Private Patios / Balconies, Stainless Steel Appliances, Vinyl Flooring		

**Rental Survey**

Occupancy	96%	Utilities Included in Rent	None
Lease Term	3 - 12 Mo(s).	Rent Premiums	None
Tenant Profile	Professional	Concessions	None
Survey Date	06/2022	Owner	N/A
Survey Notes	Data Source: Apartment Data Services	Management	Gables Residential

Comparable	Residential - Multi-unit Garden	No. 6
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Map & Comments



This property is located on the south side of West Alabama at Cummings Lane. This property is in average condition. Currently, the property is offering no concessions.

**Comparable****Residential - Multi-unit Garden****No. 7**

Property Name Gables Metropolitan Uptown  
 Address 3300 Sage Road  
 Houston, TX 77056  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 045-029-000-0163

**Unit Mix Detail**

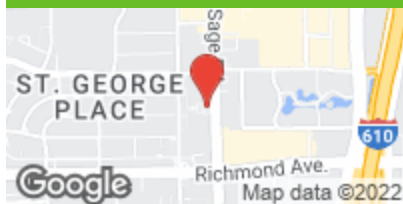
Rate Timeframe	Monthly				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	67	21%	663	\$1,120	\$1.69
1BR/1BA	49	15%	742	\$1,215	\$1.64
1BR/1BA	14	4%	800	\$1,385	\$1.73
1BR/1BA	42	13%	820	\$1,300	\$1.59
1BR/1BA	6	2%	850	\$1,260	\$1.48
2BR/2BA	66	21%	1,100	\$1,670	\$1.52
2BR/2BA	60	19%	1,120	\$1,655	\$1.48
3BR/2BA	8	3%	1,251	\$2,710	\$2.17
3BR/2BA	6	2%	1,390	\$2,585	\$1.86
Totals/Avg	318			\$1,455	\$1.60

**Improvements**

Land Area	8.928 ac	Status	Existing
Net Rentable Area (NRA)	289,667 sf	Year Built	1996
Total # of Units	318 Unit	Year Renovated	2016
Average Unit Size	911 sf	Condition	Good
Floor Count	3	Exterior Finish	Stucco
Property Features	Structured Parking, Elevators, Gated / Controlled Access		
Project Amenities	Pool, Barbeque Area, Fitness Center, On-Site Security		
Unit Amenities	Dishwasher, Refrigerator, Washer / Dryer, Private Patios / Balconies		

**Rental Survey**

Occupancy	92%	Utilities Included in Rent	Trash
Lease Term	12 - 18 Mo(s).	Rent Premiums	None
Tenant Profile	Professional	Concessions	None
Survey Date	06/2022	Owner	METROPOLITAN APARTMENTS JV
Survey Notes	Data Source: Apartment Data Services	Management	Gables Residential

**Comparable****Residential - Multi-unit Garden****No. 7****Map & Comments**

This project is located on the west side of Sage Road, just north of Richmond Avenue. Project/community amenities include: fitness center, one pool, tennis court, picnic area, barbeque grills, structured parking garage, individual attached garages, controlled access, patrol service and elevators. Unit amenities include: full-size washer/dryers, fireplaces (select units), ceiling fans, crown molding, built-ins (select units), garden tubs, walk-in closet, microwave, refrigerator, ice-maker, dishwasher, garbage disposal, patio/balcony and outside storage closet (select units).

**Comparable****Residential - Multi-unit Garden****No. 8**

Property Name Alister Galleria Apartments  
 Address 2100 Bering Drive  
 Houston, TX 77057  
 United States

Government Tax Agency Harris  
 Govt./Tax ID 117-148-009-0001

**Unit Mix Detail**

Rate Timeframe	N/A				
Unit Type	No.	%	Size (sf)	Rent	Rent / sf
1BR/1BA	72	36%	784	\$1,370	\$1.75
1BR/1BA	12	6%	857	\$1,364	\$1.59
1BR/1BA Den	36	18%	920	\$1,548	\$1.68
2BR/2BA	60	30%	973	\$1,600	\$1.64
2BR/2BA	20	10%	1,123	\$1,696	\$1.51
Totals/Avg	200			\$1,503	\$1.66

**Improvements**

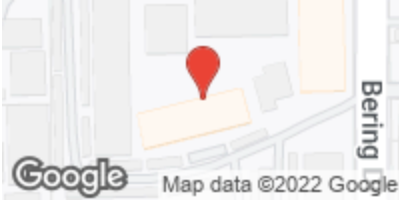
Land Area	0.000 ac	Status	Existing
Net Rentable Area (NRA)	N/A	Year Built	1991
Total # of Units	200 Unit	Year Renovated	2021
Average Unit Size	903 sf	Condition	Good
Floor Count	3	Exterior Finish	Stucco
Property Features	N/A		
Project Amenities	Clubhouse, Pool		
Unit Amenities	Refrigerator, Microwave Oven, Range / Oven		

**Rental Survey**

Occupancy	95%	Utilities Included in Rent	None
Lease Term	6 - 15 Mo(s).	Rent Premiums	Some
Tenant Profile	Professional	Concessions	none
Survey Date	06/2022	Owner	N/A
Survey Notes	Data Source: Apartment Data Services	Management	Francis Property

Comparable	Residential - Multi-unit Garden	No. 8
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Map & Comments
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This is a Class A complex located just west of the Galleria. The subject's quoted rents reflect effective rents net of concessions.



**Addendum D**

**SUBJECT REAL ESTATE TAX EXHIBITS**

HARRIS COUNTY APPRAISAL DISTRICT  
REAL PROPERTY ACCOUNT INFORMATION  
**0451400020105**

Tax Year: 2021



Owner and Property Information										
Owner Name & Mailing Address: <b>BDFI LLC 720 N POST OAK RD 500 HOUSTON TX 77024-3928</b>					Legal Description: <b>TRS 9B 13 &amp; 13A ABST 826 W WHITE</b> Property Address: <b>50 BRIAR HOLLOW LN HOUSTON TX 77027</b>					
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map <sup>1/2</sup>
F1 -- Real, Commercial	8004 -- Land Neighborhood Section 4	B	0	138,120 SF	138,680	199,677	5906.04	4004 -- Galleria West Loop	5257C	491R

## Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	07/02/2021	No

## Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2020 Rate	2021 Rate
None	001	HOUSTON ISD		Certified: 08/06/2021	1.133100	1.094400
	040	HARRIS COUNTY		Certified: 08/06/2021	0.391160	0.376930
	041	HARRIS CO FLOOD CNTRL		Certified: 08/06/2021	0.031420	0.033490
	042	PORT OF HOUSTON AUTHY		Certified: 08/06/2021	0.009910	0.008720
	043	HARRIS CO HOSP DIST		Certified: 08/06/2021	0.166710	0.162210
	044	HARRIS CO EDUC DEPT		Certified: 08/06/2021	0.004993	0.004990
	048	HOU COMMUNITY COLLEGE		Certified: 08/06/2021	0.100263	0.099092
	061	CITY OF HOUSTON		Certified: 08/06/2021	0.561840	0.550830

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

## Valuations

Value as of January 1, 2020			Value as of January 1, 2021		
	Market	Appraised		Market	Appraised
Land	8,287,200		Land	8,287,200	
Improvement	12,421,481		Improvement	11,589,356	
Total	20,708,681	20,708,681	Total	19,876,556	19,876,556

## Land

Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8004 -- Land Neighborhood Section 4	4354	SF	85,965	1.00	1.00	1.00	--	1.00	60.00	60.00	5,157,900.00
2	8004 -- Land Neighborhood Section 4	4354	SF	52,155	1.00	1.00	1.00	--	1.00	60.00	60.00	3,129,300.00

## Building

Building	Year Built	Type	Style	Quality	Impr Sq Ft	Building Details
1	1978	Office Bldgs. Hi-Rise (5+ Stories)	Office Building	Average	138,680	Displayed

POPLABS 00226

## Building Details (1)

Building Data		Building Areas	
Element	Detail	Description	Area
Cooling Type	Central / Forced	BASE AREA PRI	75,240
Functional Utility	Avg/Normal	BASE AREA UPR	12,688
Heating Type	Hot Air	BASE AREA UPR	12,688
Partition Type	Normal	BASE AREA UPR	12,688
Physical Condition	Avg/Normal	BASE AREA UPR	12,688
Plumbing Type	Adequate	BASE AREA UPR	12,688
Sprinkler Type	None		900
Exterior Wall	Glass / Masonry	BASE AREA LWR	75,240
Economic Obsolescence	Moderate	BASE AREA LWR	75,240
Market Index Adjustment	111% Market Index Adjustment		
Element	Units		
Wall Height	15		
Wall Height	12		
Wall Height	10		
Interior Finish Percent	100		
Interior Finish Percent	0		
Elev: Elect / Pass	3		

## Extra Features

Line	Description	Quality	Condition	Units	Year Bulit
1	Basement,Parking Non Fireproofed	Good	Average	75,240.00	1978
2	Basement,Parking Non Fireproofed	Good	Average	75,240.00	1978
3	Office Finish	Good	Average	900.00	1978
4	Penthouse, Mechanical Low Cost	Good	Average	900.00	1978
5	Basement,Parking Non Fireproofed	Good	Average	28,690.00	1978
6	Penthouse, Mechanical Low Cost	Good	Average	972.00	1978

HARRIS COUNTY APPRAISAL DISTRICT  
REAL PROPERTY ACCOUNT INFORMATION  
**0451400020105**

Tax Year: 2022



Owner and Property Information										
Owner Name & Mailing Address: <b>BDFI LLC 720 N POST OAK RD 500 HOUSTON TX 77024-3928</b>					Legal Description: <b>TRS 9B 13 &amp; 13A ABST 826 W WHITE</b> Property Address: <b>50 BRIAR HOLLOW LN HOUSTON TX 77027</b>					
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map <sup>1/2</sup>
F1 -- Real, Commercial	8004 -- Land Neighborhood Section 4	B	0	138,120 SF	138,680	199,677	5906.04	4004 -- Galleria West Loop	5257C	491R

## Value Status Information

Value Status	Notice Date	Shared CAD
Noticed	04/01/2022	No

## Exemptions and Jurisdictions

Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2021 Rate	2022 Rate
None	001	HOUSTON ISD		Not Certified	1.094400	
	040	HARRIS COUNTY		Not Certified	0.376930	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.033490	
	042	PORT OF HOUSTON AUTHY		Not Certified	0.008720	
	043	HARRIS CO HOSP DIST		Not Certified	0.162210	
	044	HARRIS CO EDUC DEPT		Not Certified	0.004990	
	048	HOU COMMUNITY COLLEGE		Not Certified	0.099092	
	061	CITY OF HOUSTON		Not Certified	0.550830	

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at **HCAD's information center at 13013 NW Freeway.**

## Valuations

Value as of January 1, 2021			Value as of January 1, 2022		
	Market	Appraised		Market	Appraised
Land	8,287,200		Land	8,287,200	
Improvement	11,589,356		Improvement	14,672,690	
Total	19,876,556	19,876,556	Total	22,959,890	22,959,890

## Land

Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8004 -- Land Neighborhood Section 4	4354	SF	85,965	1.00	1.00	1.00	--	1.00	60.00	60.00	5,157,900.00
2	8004 -- Land Neighborhood Section 4	4354	SF	52,155	1.00	1.00	1.00	--	1.00	60.00	60.00	3,129,300.00

## Building

Building	Year Built	Type	Style	Quality	Impr Sq Ft	Building Details
1	1978	Office Bldgs. Hi-Rise (5+ Stories)	Office Building	Average	138,680	Displayed

POPLABS 00228

## Building Details (1)

Building Data		Building Areas	
Element	Detail	Description	Area
Cooling Type	Central / Forced	BASE AREA PRI	75,240
Functional Utility	Avg/Normal	BASE AREA UPR	12,688
Heating Type	Hot Air	BASE AREA UPR	12,688
Partition Type	Normal	BASE AREA UPR	12,688
Physical Condition	Avg/Normal	BASE AREA UPR	12,688
Plumbing Type	Adequate	BASE AREA UPR	12,688
Sprinkler Type	None		900
Exterior Wall	Glass / Masonry	BASE AREA LWR	75,240
Economic Obsolescence	Moderate	BASE AREA LWR	75,240
Market Index Adjustment	100% No Mkt Index Adjustment		
Element	Units		
Wall Height	15		
Wall Height	12		
Wall Height	10		
Interior Finish Percent	100		
Interior Finish Percent	0		
Elev: Elect / Pass	3		

## Extra Features

Line	Description	Quality	Condition	Units	Year Bulit
1	Basement,Parking Non Fireproofed	Good	Average	75,240.00	1978
2	Basement,Parking Non Fireproofed	Good	Average	75,240.00	1978
3	Office Finish	Good	Average	900.00	1978
4	Penthouse, Mechanical Low Cost	Good	Average	900.00	1978
5	Basement,Parking Non Fireproofed	Good	Average	28,690.00	1978
6	Penthouse, Mechanical Low Cost	Good	Average	972.00	1978



Ownership History: 0451400020105

50 BRIAR HOLLOW LN  
HOUSTON TX 77027

Owner	Effective Date
BDFI LLC	08/07/2018
LEE GEORGE M	04/06/2017
50 BRIAR HOLLOW LLC	06/29/2012
RMC 2004 INVESTORS 34 LLC	01/24/2005
PEAKE JULIANNE ETAL	04/14/2004
CAPTAINS PORTFOLIO LP	05/08/1998
BNS BUILDING INC	12/28/1994
50 B H INC	06/20/1990
THE NEW ENGLAND	04/03/1989
WELLS FARGO REALTY ADV	05/26/1988

[end of record]

-close window-

Addendum E

## SUBJECT EXHIBITS

Pre-Rehab						
Unit Type	# of Bedroom	# of Units	Square Foo	Rent	Rent/SqFt	Total rents
1A	1	79	800	\$1,950.00	\$2.44	\$154,050.00
2A	2	50	850	\$2,150.00	\$2.53	\$107,500.00
2B	2	59	950	\$2,450.00	\$2.58	\$144,550.00
3A	3	16	1250	\$3,200.00	\$2.56	\$51,200.00

Totals	\$2,241.67	204	181750	\$457,300.00	\$2.52	\$457,300.00
Average			891	\$2,241.67	\$2.52	
Annualized				\$5,487,600.00		



Acquisition Date	Pro Forma	
	6/20/2023	AS STABILIZED
	Yrly	Monthly
Rent Delta		
Potential Unit Rental Income	\$5,487,600	\$457,300
<u>Less: Loss to Lease</u>	\$109,752	\$9,146
Gross Potential Rent	\$5,377,848	\$448,154
Less: Vacancy	\$658,512	\$54,876
Less: Concessions	\$329,256	\$27,438
Less: Bad Debt	\$54,876	\$4,573
		\$0
RUBS Income	\$293,760	\$24,480
Parking Income	\$146,880	\$12,240
Misc. Income	\$244,800	\$20,400
		\$0
<b>Effective Gross Income</b>	\$5,185,645	\$432,137
Payroll & Related	\$293,760	\$24,480
Maint./Repairs/Pest	\$66,300	\$5,525
Contract Services	\$76,600	\$6,383
Advertising	\$40,000	\$3,333
<u>Other Operating/Admin</u>	\$40,000	\$3,333
Subtotal	\$516,660	\$43,055
		\$0
Management Fee	\$155,569	\$12,964
RE Taxes	\$467,000	\$38,917
Utilities (Project Paid)	\$300,000	\$25,000
		\$0
<u>Insurance - Property</u>	\$126,467	\$10,539
Subtotal	\$1,049,036	\$87,420
		\$0
<b>Total Operating Expenses</b>	\$1,565,696	\$130,475
		\$0
Transfer to RR	\$0	\$0
Transfer to OR	\$0	\$0
		\$0
<b>Total Operating Reserves &amp; Expenses</b>	\$1,565,696	\$130,475
		\$0
Sponsor AM Fee	\$103,713	\$8,643
Guaranty Fee	\$0	\$0
		\$0
<b>Net Operating Income</b>	\$3,619,949	\$301,662
		\$0
<i>Debt Service</i>		\$0
Mezzanine Financing	\$0	\$0
Primary Debt	\$1,091,552	\$90,963
Gap/Preferred Debt	\$0	\$0
		\$0
Refinance Debt Service		\$0
		\$0
Total Debt Service	\$1,091,552	\$90,963
		\$0
<b>Cash Flow After Debt Service</b>	\$2,528,397	\$210,700

## Resendez, Sami @ Houston

---

**From:** Rajib Batabyal <rajib@7cequitygroup.com>  
**Sent:** Friday, June 10, 2022 11:06 AM  
**To:** Resendez, Sami @ Houston  
**Subject:** Fwd: 50 BRIAR HOLLOW RD PARKING  
**Attachments:** PARKING 01.jpg; PARKING 03.jpg; PARKING 02.jpg; PARKING 04.jpg

**External**

----- Forwarded message -----

**From:** Design Works <[designw@gmail.com](mailto:designw@gmail.com)>  
**Date:** Mon, May 16, 2022, 9:57 AM  
**Subject:** 50 BRIAR HOLLOW RD PARKING  
**To:** Rajib Batabyal <[rajib@7cequitygroup.com](mailto:rajib@7cequitygroup.com)>, Moiz Habib <[moizhabib786@hotmail.com](mailto:moizhabib786@hotmail.com)>

Hi,

Please find attached images for on ground parking  
lower level parking = 75 cars  
upper level parking = 85 cars  
total car parking including sub level 1 & 2 = 590 cars







Aamer Masood

1923 Washington Ave, Houston TX 77007  
Cell: +1 832 245 8076  
Email: [designw@gmail.com](mailto:designw@gmail.com)  
Portfolio on web: [www.be.net/designw](http://www.be.net/designw)

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Description				Early Start	Early Finish	Activity ID	2021												2022												2023																																																																	
				OCT 04	OCT 11	OCT 18	OCT 25	NOV 01	NOV 08	NOV 15	NOV 22	NOV 29	DEC 06	DEC 13	DEC 20	DEC 27	JAN 03	JAN 10	JAN 17	JAN 24	FEB 31	FEB 07	FEB 14	FEB 21	FEB 28	MAR 07	MAR 14	MAR 21	MAR 28	APR 04	APR 11	APR 18	APR 25	MAY 02	MAY 09	MAY 16	MAY 23	MAY 30	JUN 06	JUN 13	JUN 20	JUN 27	JUL 04	JUL 11	JUL 18	JUL 25	AUG 01	AUG 08	AUG 15	AUG 22	SEP 05	SEP 12	SEP 19	OCT 03	OCT 10	OCT 17	OCT 24	NOV 31	NOV 07	NOV 14	NOV 21	NOV 28	DEC 05	DEC 12	DEC 19	DEC 26	JAN 02	JAN 09	JAN 16	JAN 23	FEB 06	FEB 13	FEB 20	FEB 27	MAR 06	MAR 13	MAR 20	MAR 27	APR 03	APR 10	APR 17	APR 24	MAY 01	MAY 08	MAY 15	MAY 22	MAY 29	JUN 05	JUN 12	JUN 19	JUN 26	JUL 03	JUL 10	JUL 17	JUL 24	AUG 31
Pre-Construction																																																																																																
Finalize Contract	04OCT21	15OCT21	3200	Finalize Contract																																																																																												
Change of Use Work	04OCT21	29OCT21	3300	Change of Use Work																																																																																												
Asbestor Report	18OCT21	05NOV21	3210	Asbestor Report																																																																																												
Phase 1 Report	18OCT21	05NOV21	3220	Phase 1 Report																																																																																												
Architectural Design	18OCT21	12NOV21	3230	Architectural Design																																																																																												
Civil Design/Detention Design	25OCT21	19NOV21	3240	Civil Design/Detention Design																																																																																												
Structural Design	08NOV21	19NOV21	3250	Structural Design																																																																																												
MEP Design	08NOV21	03DEC21	3260	MEP Design																																																																																												
Submit for Building Permit	15NOV21	10DEC21	3280	Submit for Building Permit																																																																																												
Turn in for Demolition Permit	06DEC21	17DEC21	3270	Turn in for Demolition Permit																																																																																												
Building Permit	13DEC21	31DEC21	3290	Building Permit																																																																																												
Demolition																																																																																																
Selective Demolition	13DEC21	31DEC21	2280	Selective Demolition																																																																																												
Secure Elevators	13DEC21	31DEC21	2450	Secure Elevators																																																																																												
Protect Switchgear and Mechaninal	13DEC21	24DEC21	2900	Protect Switchgear and Mechaninal																																																																																												
Building 1 Demolition	03JAN22	28JAN22	2460	Building 1 Demolition																																																																																												
Building 2 Demolition	31JAN22	11FEB22	2480	Building 2 Demolition																																																																																												
Final Cleanup	14FEB22	25FEB22	2470	Final Cleanup																																																																																												
Misc. Sitework																																																																																																
Fire Lane Wideing	14FEB22	11MAR22	3170	Fire Lane Wideing																																																																																												
Landscaping	25OCT22	07NOV22	3100	Landscaping																																																																																												
Install Pool and Spa	25OCT22	19DEC22	3130	Install Pool and Spa																																																																																												
Striping	08NOV22	14NOV22	3110	Striping																																																																																												
Construction Pedestrian Garden	20DEC22	16JAN23	3160	Construction Pedestrian Garden																																																																																												
Site Utilities																																																																																																
New Electrical Metering	15NOV21	04FEB22	3040	New Electrical Metering																																																																																												
Install Storm Sewers	14MAR22	25MAR22	2300	Install Storm Sewers																																																																																												
Upgrade Sanitary Line'	28MAR22	08APR22	2490	Upgrade Sanitary Line'																																																																																												
Upgrade Water/Fire Line	11APR22	22APR22	2500	Upgrade Water/Fire Line																																																																																												
Concrete																																																																																																
Core New Penetrations	14FEB22	04MAR22	3120	Core New Penetrations																																																																																												
Concrete Curbs	28MAR22	01APR22	2290	Concrete Curbs																																																																																												
Floor Leveloping	04APR22	29APR22	2510	Floor Leveloping																																																																																												
Detention Pond Curbs	02MAY22	27MAY22	2520	Detention Pond Curbs																																																																																												
Repair Pot Holes	12JUL22	08AUG22	2530	Repair Pot Holes																																																																																												
Masonry & Stucco																																																																																																
Detention Pond CMU WALL	30MAY22	10JUN22	2310	Detention Pond CMU WALL																																																																																												
Repair Stucco Exterior	13JUN22	24JUN22	2570	Repair Stucco Exterior																																																																																												
Misc. CMU Shaft walls	09AUG22	29AUG22	2560	Misc. CMU Shaft walls																																																																																												
Cabinets & Countertops																																																																																																
Building 1 CABinets & Countertops	11OCT22	14NOV22	2590	Building 1 CABinets & Countertops																																																																																												
Building 2 CABinets & Countertops	08NOV22	21NOV22	2580	Building 2 CABinets & Countertops																																																																																												
Lightguage Framing																																																																																																
Lightguage framing for Building 1	19JUL22	15AUG22	2320	Lightguage framing for Building 1																																																																																												
Lightguage Framing for Building 2	16AUG22	12SEP22	2620	Lightguage Framing for Building 2																																																																																												
Common Area Lightguage Framing	13SEP22	10OCT22	2630	Common Area Lightguage Framing																																																																																												
Windows & Doors																																																																																																
Apply 3M Film to exterior or Windows	11OCT22	07NOV22	2350	Apply 3M Film to exterior or Windows																																																																																												
Replace hardware for Rated Areas	08NOV22	05DEC22	2680	Replace hardware for Rated Areas																																																																																												
Guestroom Doors	06DEC22	02JAN23	2700	Guestroom Doors																																																																																												
Hang Common Area Doors	03JAN23	23JAN23	2710	Hang Common Area Doors																																																																																												
Roofing																																																																																																
Repair Rooftop Penetrations	28MAR22	22APR22	2340	Repair Rooftop Penetrations																																																																																												
Reroute Roof drains to detention	25APR22	20MAY22	2720	Reroute Roof drains to detention																																																																																												
Flooring																																																																																																
1st Building Flooring	11OCT22	24OCT22	2360	1st Building Flooring																																																																																												
2nd Building Flooring	25OCT22	07NOV22	2740	2nd Building Flooring																																																																																												
Common Area Flooring	08NOV22	21NOV22	2750	Common Area Flooring																																																																																												
Drywall																																																																																																
Start date	04OCT21																																																																																															
Finish date	06FEB23																																																																																															
Data date	04OCT21																																																																																															
Run date	02NOV21																																																																																															
Page number	1A																																																																																															
© Primavera Systems, Inc.																																																																																																
7C Equity Group 50 Briar Hollow																																																				Early bar Progress bar Critical bar Summary bar Start milestone point Finish milestone point																																												

Description	Early Start	Early Finish	Activity ID	2021												2022												2023																																																																																	
				OCT 04	11	18	25	01	08	15	22	29	05	12	19	26	JAN 03	10	17	24	31	FEB 07	14	21	28	MAR 07	14	21	28	APR 04	11	18	25	MAY 02	09	16	23	30	JUN 06	13	20	27	04	11	18	25	01	AUG 08	15	22	29	05	12	19	OCT 26	03	10	17	24	31	NOV 07	14	21	28	DEC 05	12	19	26	JAN 02	09	16	23	30	FEB 06	13	20	27	MAR 06	13	20	27	03	10	17	24	31	APR 03	10	17	24	31	MAY 07	14	21	28	JUN 04	11	18	25	01	JUL 09	16	23	30	AUG 06	13	20	27	03
Common Area Drywall & Taping	16AUG22	26SEP22	2370	<div><div></div>Common Area Drywall &amp; Taping</div>																																																																																																									
Building ONe Drywall & Taping	13SEP22	24OCT22	2780	<div><div></div>Building ONe Drywall &amp; Taping</div>																																																																																																									
Building Two Drywall & Taping	25OCT22	05DEC22	2790	<div><div></div>Building Two Drywall &amp; Taping</div>																																																																																																									
Painting & Wallcoverings																																																																																																													
Building 1 Painting	27SEP22	10OCT22	2380	<div><div></div>Building 1 Painting</div>																																																																																																									
Buildoding 2 Painting	11OCT22	24OCT22	2800	<div><div></div>Buildoding 2 Painting</div>																																																																																																									
Common Area Painting	25OCT22	07NOV22	2810	<div><div></div>Common Area Painting</div>																																																																																																									
Plumbing																																																																																																													
Building 1 Rough IN	07MAR22	25MAR22	2850	<div><div></div>Building 1 Rough IN</div>																																																																																																									
Buildoding 2 Rough IN	28MAR22	15APR22	2860	<div><div></div>Buildoding 2 Rough IN</div>																																																																																																									
Building 1 Finish	25OCT22	07NOV22	3030	<div><div></div>Building 1 Finish</div>																																																																																																									
Building 2 Finish	08NOV22	28NOV22	3000	<div><div></div>Building 2 Finish</div>																																																																																																									
Pool Plumbing	08NOV22	21NOV22	3010	<div><div></div>Pool Plumbing</div>																																																																																																									
HVAC																																																																																																													
Disconnect Chiller System	19JUL22	25JUL22	2870	<div><div></div>Disconnect Chiller System</div>																																																																																																									
Install New Air-Handlers	16AUG22	12SEP22	2410	<div><div></div>Install New Air-Handlers</div>																																																																																																									
Re-d Ductowork	16AUG22	19SEP22	2880	<div><div></div>Re-d Ductowork</div>																																																																																																									
Controls	27DEC22	16JAN23	2890	<div><div></div>Controls</div>																																																																																																									
Electrical																																																																																																													
Building 1 Rough	16AUG22	05SEP22	2920	<div><div></div>Building 1 Rough</div>																																																																																																									
Building 2 Rough	06SEP22	26SEP22	2930	<div><div></div>Building 2 Rough</div>																																																																																																									
Building 1 Finish	25OCT22	07NOV22	2960	<div><div></div>Building 1 Finish</div>																																																																																																									
Building 2 Finish	08NOV22	05DEC22	2990	<div><div></div>Building 2 Finish</div>																																																																																																									
Common Area Electrical	22NOV22	26DEC22	2970	<div><div></div>Common Area Electrical</div>																																																																																																									
Project Closeout																																																																																																													
Lifesaftey and Testing	27DEC22	23JAN23	2420	<div><div></div>Lifesaftey and Testing</div>																																																																																																									
Final Cleanup	27DEC22	16JAN23	2430	<div><div></div>Final Cleanup</div>																																																																																																									
Occupancy	17JAN23	06FEB23	2440	<div><div></div>Occupancy</div>																																																																																																									

Start date	04OCT21	<p><b>7C Equity Group</b></p> <p><b>50 Briar Hollow</b></p>	 Early bar
Finish date	06FEB23		 Progress bar
Data date	04OCT21		 Critical bar
Run date	02NOV21		 Summary bar
Page number	2A		 Start milestone point
© Primavera Systems, Inc.			 Finish milestone point

**50 Briar Hollow**  
**7C Equity Group**

Description	Engineering	Building 1	Building 2	Shell	Total
Asbestos Report	13,200				13,200
Structural Analysis	21,800				21,800
Structural Xray	28,000				28,000
Civil/Utility/Striping Study	17,800				17,800
MEP Drawings	67,000				67,000
Entitlement Attorney	34,000				34,000
Time at City	20,000				20,000
Architectural Drawings	124,000				124,000
Building Permits	113,378				113,378
Landscape Architect	26,000				26,000
					-
					-
<b>Interior Construction</b>					-
Demolition		124,508	169,663		294,170
Concrete Leveling		62,254	102,040		164,294
Lightguage Framing		446,600	736,600		1,183,200
Drywall & Taping		163,240	269,240		432,480
Kitchen Cabinets		215,600	355,600		571,200
Quartz Countertops		115,500	190,500		306,000
Interior Wood Trim & Finish		46,200	76,200		122,400
Re-use Existing Entry Doors		19,250	31,750		51,000
Interior Doors & Frames		192,500	317,500		510,000
Ceramic Tile (Bahtrooms/Kitchen)		138,450	228,600		367,050
Reslient Flooring		181,258	298,958		480,216
Toilet & Kitchen Accessories)		38,500	63,500		102,000
Painting		68,145	112,395		180,540
Blinds		50,000	81,000		131,000
Specialties		23,100	38,100		61,200
Plumbing		508,200	838,200		1,346,400
HVAC		516,291	840,092		1,356,383

Electrical		488,069	794,170		1,282,240
Fire Alarm		70,554	114,804		185,358
Subtotal		<b>3,468,219</b>	<b>5,658,911</b>		-
					-
<b>Shell Improvements</b>					-
Stucco Repair & Exterior Paint				31,665	31,665
Concrete Penetrations				57,120	57,120
Amenity Garden/Walking/Pool				390,000	390,000
New Striping				8,550	8,550
Detention Pond per Public Works				164,496	164,496
Widen Fire Lane per Fire Marshall				32,329	32,329
New Sprinkler System for Building 1				173,967	173,967
Add Energy Code 3M Film to Windows				36,732	36,732
<b>Subtotal</b>	<b>465,178</b>	<b>3,468,219</b>	<b>5,658,911</b>	<b>894,859</b>	<b>10,487,167</b>
General Conditions (4%)	18,607.13	138,728.76	226,356.44	35,794.36	419,486.69
Insurance (1%)	4,651.78	34,682.19	56,589.11	8,948.59	104,871.67
General Contractor OH & P( 10%)	46,517.82	346,821.90	565,891.11	89,485.90	1,048,716.73
<b>Total</b>	<b>534,955</b>	<b>3,988,452</b>	<b>6,507,748</b>	<b>1,029,088</b>	<b>12,060,242</b>

Cost Per Gross Square Foot	2.45	18.23	29.75	4.70	55.14
Cost Per Let Leasable Square Foot	2.95	21.97	35.85	5.67	66.43
<b>Cost Per Unit</b>	<b>2,622.33</b>	<b>19,551.23</b>	<b>31,900.72</b>	<b>5,044.55</b>	<b>59,118.84</b>

Building Analysis Cost/Unit	51,798.08	51,242.11
<b>Building Analysis Cost/SF Gross</b>	<b>41.78</b>	<b>47.95</b>

**AGREEMENT FOR SALE AND PURCHASE OF PROPERTY**

(Commercial Property)

SELLER: **BDFI LLC**

BUYER: **7C Equity Group, LLC**

EXECUTION DATE: September 30, 2021

PROPERTY: 50 Briar Hollow  
HOUSTON, TEXAS 77027

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**AGREEMENT FOR SALE AND PURCHASE OF PROPERTY**

**BDFI LLC**, a New York limited liability company ("**Seller**"), whose address is 1001 West Loop South, Suite 700, Houston, Texas 77027, and **7C Equity Group, LLC**, a Texas limited liability company ("**Buyer**"), whose address is 11777 Katy Freeway, Suite 567, Houston, TX 77079, hereby agree on this 30<sup>th</sup> day of September, 2021 that Seller shall sell to Buyer and Buyer shall purchase from Seller, upon the following terms and conditions and for the price herein set forth, the Property, as such term is defined in Article I of this Agreement.

**ARTICLE I**

**DEFINED TERMS**

1.1. **Definitions.** As used herein, the following terms shall have the following meanings:

(a) "**Agreement**" shall mean this Agreement for Sale and Purchase of Property executed by both Seller and Buyer.

(b) "**Buyer's Due Diligence Reports**" shall mean all reports, documents, studies, analyses, and other written information obtained by Buyer with respect to the Property, including results of physical inspections, engineering studies, engineering drawings and specifications, surveys, Hazardous Materials Reports, soil tests, site plans, feasibility studies, market studies, architectural plans, specifications and drawings, title reports, permits, approvals and authorizations (whether obtained from governmental authorities or third parties); and all other work product (excluding attorney client privileged materials, internal memoranda, and appraisals) generated by or for Buyer in connection with the Property.

(c) "**Calendar Day**" shall mean any day in the week.

(d) "**Closing**" shall mean the execution and delivery of the Special Warranty Deed, the Bill of Sale and the other instruments to be executed by Seller conveying the Property to Buyer and the payment by Buyer to Seller of the Purchase Price.

(e) "**Closing Date**" shall mean 2:00 p.m. Central time on or before October 29, 2021.

(f) "**County**" shall mean Harris County located in the State.

(g) "**Deposit**" shall mean the amount paid to Seller as earnest money deposit. The Deposit shall be the sum of **\$1,000,000.00** which shall be non-refundable except as expressly provided in this Agreement. A portion of the Deposit equal to \$100.00 shall be retained by Seller as independent contract consideration for Buyer's rights hereunder (the "**Independent Consideration**") in the event of any termination of this Agreement in accordance with the terms hereof.

(h) "**Disclosed Broker**" Buyer's Broker is the Charlene Nickson. Seller agrees to pay commission to the Buyer's broker per the commission agreement with Charlene Nickson.



(i) "**Execution Date**" shall mean the date set forth in the first paragraph of this Agreement, which date shall be **September 30, 2021**.

(j) "**Feasibility Date**" shall mean 5:00 p.m. Central time on October 8, 2021.

(k) "**General Intangibles**" shall mean any and all warranties, guaranties, telephone exchange numbers, architectural or engineering plans and specifications, air rights and development rights that relate solely to the Real Property or the Personal Property. "**General Intangibles**" shall not include any rights and/or claims and/or judgments, settlements or other rights to payment and/or pending or anticipated actions of Seller against and/or relating to any former tenants (and/or guarantors of the leases entered into by such tenants) at any of the Properties and from and/or against any former owners of any of the Properties and/or any former borrowers or guarantors under, arising from or related to any loan held by Seller and/or Seller's affiliates.

(l) "**Hazardous Materials**" shall mean any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics in quantities in violation of Hazardous Materials laws. The term "**Hazardous Materials**" includes, without limitation, any substance regulated under any and all federal, state and local statutes, laws (including case law), regulations, ordinances, rules, judgments, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions, whether now or hereafter in effect, relating to human health, the environment or to emissions, discharges or releases of pollutants, contaminants, toxic substances, hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous materials or wastes or the clean-up or other remediation thereof.

(m) "**Hazardous Materials Reports**" shall mean any and all studies, reports, analyses, information, or other written records regarding the presence of Hazardous Materials at, on, in, under or relating to the Land.

(n) "**Intangible Property**" shall mean the Leases and, to the extent the same is transferable by Seller, Seller's interest in the Service Contracts, the Permits and the General Intangibles.

(o) "**Land**" shall mean that certain parcel of real property located in the County and State, as more particularly described on the attached **Exhibit A**.

(p) "**Leases**" shall mean any and all leases, tenancies, licenses and other rights of occupancy or use of or for any portion of the Real Property or the Personal Property (including all amendments and renewals thereof).

(q) "**Permits**" shall mean any and all licenses, permits, authorizations, certificates of occupancy and other approvals that are in effect for the current use and operation of the Property.

(r) **"Personal Property"** shall mean all tangible personal property and fixtures owned by Seller and located on or attached to the Real Property. **"Personal Property"** does not include property owned by others such as Tenants under Leases or parties to Service Contracts.

(s) **"Property"** shall mean collectively the Real Property, the Personal Property and the Intangible Property.

(t) **"Prorations Date"** shall mean the day prior to the Closing Date.

(u) **"Purchase Price"** shall mean \$28,000,000.00.

(v) **"Real Property"** shall mean the Land, together with Seller's interest in the buildings and other improvements and fixtures located thereon, together with all rights of ways, ingress and egress, easements, rights, privileges, hereditaments and appurtenances thereto or in any way appertaining thereto.

(w) **"Security Deposits"** shall mean any deposits held by BDFI LLC.

(x) **"Seller's Due Diligence Reports"** shall mean rent roll, survey, utility bills, property tax bills, Permits, and copies of tenant lease agreements.

(y) **"Seller Group"** shall mean Seller and its member and manager and such member's trustee, master servicer, special servicer and certificate holders and their respective past, present, and future officers, directors, shareholders, general partners, limited partners, agents, representatives, heirs, successors, assigns and attorneys and their respective heirs, successors, and assigns.

(z) **"Service Contracts"** shall mean any and all service, maintenance, supply, operating contracts, or other agreements, however termed, written or oral, affecting the use, ownership, maintenance, or operation of all or any part of the Property (but specifically excluding any Leases and any management agreements).

(aa) **"Special Warranty Deed"** shall mean the special warranty deed conveying fee title to the Real Property to Buyer, duly executed by Seller and acknowledged and in proper form for recordation.

(bb) **"State"** shall mean Texas.

(cc) **"Tenants"** shall mean those persons or entities holding rights of tenants under Leases.

(dd) **"Title Commitment"** shall mean the commitment for issuance of an owner's title insurance policy issued by the Title Company in favor of Buyer in the full amount of the Purchase Price.

(ee) **"Title Company"** shall mean TransAct Title, Attention: Marol Brobisky, Phone (713) 429-5436, e-mail MBrobisky@transacttitle.com.

1.2. Other Defined Terms. Other capitalized terms contained in this Agreement shall have the meanings assigned to them herein.

## ARTICLE II

### CONDITION

2.1. Information Regarding Property. Seller shall provide Buyer on or before five (5) Days from the Execution Date the Seller's Due Diligence Reports. Buyer acknowledges that Seller has provided Buyer, as part of Seller's Due Diligence Reports, with a copy of Seller's current survey. The Seller's Due Diligence Reports that were prepared by third parties are provided simply as an accommodation to Buyer, and Seller makes no representations as to their accuracy or completeness, but the Rent Roll is or will be true, correct and complete in all material respects as of the date thereof. Buyer understands that some of the Seller's Due Diligence Reports were provided by others to Seller and were not prepared by or verified by Seller. In no event shall Seller be obligated to deliver or make available to Buyer any of Seller's internal memoranda, attorney-client privileged materials or appraisals of the Property, if any.

2.2. Buyer's Inspection Rights. Buyer shall have until the Feasibility Date in which to determine whether the Property is acceptable to Buyer, in its sole and absolute discretion, in all respects. If Buyer finds the Property to be unacceptable and elects not to proceed with the transaction contemplated hereby, or for no reason at all, Buyer shall, on or before the Feasibility Date, give written notice of termination to Seller and the Title Company (the "**Termination Notice**"). Upon any such termination, Buyer shall deliver to Seller originals or copies of all of the Buyer's Due Diligence Reports. Upon Seller's receipt of originals or copies of the Buyer's Due Diligence Reports, (i) the Deposit and Independent Consideration shall be retained by Seller; and (ii) neither party shall have any further rights or obligations hereunder, except, however, that Buyer shall remain obligated with respect to the indemnities and obligations herein which specifically survive termination. If Buyer gives notice with supporting evidence, prior to the Feasibility Date, that it is terminating this Agreement because Buyer's environmental report reflects a materially recognized environmental condition requiring remedial action on the Property, the Deposit will be returned to Buyer.

2.3. Access. Until the Feasibility Date and thereafter if this Agreement is not terminated, Buyer and Buyer's agents and contractors shall be entitled to enter upon the Property at all reasonable times established by Seller, but only for the purpose of conducting tests and making site inspections and investigations. In doing so, however, Buyer agrees not to cause any damage or make any physical changes to the Property or interfere with the rights of Tenants or others who may have a legal right to use or occupy the Property. Seller or its representative shall have the right to be present to observe any testing or other inspection performed on the Property. Under no circumstances shall the right of entry granted herein be interpreted as delivery of possession of the Property prior to Closing. Buyer and Buyer's agents and contractors shall maintain at all times during their entry upon the Property, commercial general liability insurance with limits of not less than One Million Dollars combined single limit, bodily injury, death and property damage insurance per occurrence. If requested by Seller, Buyer or Buyer's agents or contractors shall deliver a certificate issued by the insurance carrier of each such policy to Seller prior to entry upon

the Property. Seller shall be named as an additional insured on Buyer's liability policies and auto liability policies with a waiver of subrogation endorsement.

2.4. Indemnification. Buyer shall protect, defend, indemnify, save and hold harmless the Seller Group against any and all claims, demands, fines, suits, actions, proceedings, orders, decrees, judgments, damage or liability (including attorneys' fees incurred by the Seller Group with respect thereto) of any kind or nature, by or in favor of anyone whomsoever, resulting from, arising from, or occasioned in whole or in part by any act or omission by Buyer, its agents, contractors, employees, representatives or invitees in, upon, or at the Property, or from Buyer's inspection, examination and inquiry of or on the Property; provided, however, the indemnity which is the subject of this Section 2.4 shall not cover liability arising from pre-existing conditions of the Property unless such pre-existing conditions are exacerbated by Buyer or its consultants, agents, contractors, employees, representatives or invitees, in which case Buyer shall be liable for and to the extent of the exacerbated condition of the Property and not the pre-existing condition. Further, Buyer shall not be liable to Seller under this paragraph for any negligent or intentional misconduct of Seller, its agents, employees, and/or property manager. The provisions of this Section shall survive the Closing or termination of this Agreement.

2.5. Buyer's Obligations with Respect to Inspections. If Buyer or its agents, employees or contractors take any sample from the Property in connection with any testing, Buyer shall, upon the request of Seller, provide to Seller a portion of such sample being tested to allow Seller, if it so chooses, to perform its own testing. Buyer shall restore the Property to its original condition promptly after Buyer's independent factual, physical and legal examinations and inquiries of the Property, but in no event later than ten (10) days after the damage occurs. Without limiting Seller's remedies for any such damage, Buyer's obligation to restore shall be secured by Seller's right to set-off against the Deposit. Buyer shall promptly pay for all inspections upon the rendering of statements therefor. Buyer shall not suffer or permit the filing of any liens against the Property and if any such liens are filed, Buyer shall promptly cause them to be released or otherwise eliminated from being a lien upon the Property. In the event the transaction contemplated by this Agreement is not closed for any reason whatsoever, Buyer shall (a) deliver to Seller originals or copies of the Buyer's Due Diligence Reports at no cost to Seller; (b) if Buyer defaults in its obligation to restore the Property as set forth above, Seller may setoff against the Deposit the reasonable expenses incurred by Seller to so restore the Property, and (c) remain obligated with respect to the indemnities and other obligations contained in this Agreement. The provisions of this Section shall survive the Closing or termination of this Agreement.

2.6. Condition of the Property. If Buyer closes the purchase of the Property, Buyer shall be deemed to have acknowledged that Seller has provided Buyer sufficient opportunity to make such independent factual, physical and legal examinations and inquiries as Buyer deems necessary and desirable with respect to the Property and the transaction contemplated by this Agreement and that Buyer has approved the Property in all respects. The following provisions shall thereupon be applicable, be referenced in the Special Warranty Deed and shall survive the Closing:

BUYER DOES HEREBY ACKNOWLEDGE, REPRESENT, WARRANT AND AGREE TO AND WITH SELLER THAT, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT: (I) BUYER IS EXPRESSLY PURCHASING THE PROPERTY IN ITS EXISTING CONDITION "AS IS, WHERE IS, AND WITH ALL FAULTS" WITH RESPECT

TO ALL FACTS, CIRCUMSTANCES, CONDITIONS AND DEFECTS, WHETHER KNOWN OR UNKNOWN BY SELLER; (II) SELLER HAS NO OBLIGATION TO INSPECT FOR, REPAIR OR CORRECT ANY SUCH FACTS, CIRCUMSTANCES, CONDITIONS OR DEFECTS OR TO COMPENSATE BUYER FOR SAME; (III) SELLER HAS SPECIFICALLY BARGAINED FOR THE ASSUMPTION BY BUYER OF ALL RESPONSIBILITY TO INSPECT AND INVESTIGATE THE PROPERTY AND OF ALL RISK OF ADVERSE CONDITIONS AND HAS STRUCTURED THE PURCHASE PRICE AND OTHER TERMS OF THIS AGREEMENT, IN CONSIDERATION THEREOF; (IV) BUYER HAS UNDERTAKEN (OR WILL UNDERTAKE) ALL SUCH INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY AS BUYER DEEMS NECESSARY OR APPROPRIATE UNDER THE CIRCUMSTANCES AS TO THE CONDITION OF THE PROPERTY AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE, AND BASED UPON SAME, BUYER IS AND WILL BE RELYING STRICTLY AND SOLELY UPON SUCH INSPECTIONS AND EXAMINATIONS AND THE ADVICE AND COUNSEL OF ITS OWN CONSULTANTS, AGENTS, LEGAL COUNSEL AND OFFICERS AND BUYER IS AND WILL BE FULLY SATISFIED THAT THE PURCHASE PRICE IS FAIR AND ADEQUATE CONSIDERATION FOR THE PROPERTY; (V) SELLER IS NOT MAKING AND HAS NOT MADE ANY WARRANTY OR REPRESENTATION WITH RESPECT TO ANY RENT ROLLS, MATERIALS OR OTHER DATA PROVIDED BY SELLER TO BUYER (WHETHER PREPARED BY OR FOR THE SELLER OR OTHERS) OR THE EDUCATION, SKILLS, COMPETENCE OR DILIGENCE OF THE PREPARERS THEREOF OR THE PHYSICAL CONDITION OR ANY OTHER ASPECT OF ALL OR ANY PART OF THE PROPERTY OR WHICH HAS OR MIGHT AFFECT THE PROPERTY OR THE PHYSICAL CONDITION THEREOF, INCLUDING, WITHOUT LIMITATION, THE STATUS OF REPAIRS, STRUCTURAL SOUNDNESS OF THE PROPERTY, COMPLIANCE WITH CITY OF HOUSTON CODES OR ANY OTHER ORDINANCES OR REGULATIONS, VALUE, EXPENSE OR OPERATION, INCOME STREAM OR INCOME POTENTIAL OF THE PROPERTY OR ANY PORTION THEREOF, AS AN INDUCEMENT TO BUYER TO ENTER INTO THIS AGREEMENT AND THEREAFTER TO PURCHASE THE PROPERTY OR FOR ANY OTHER PURPOSE; (VI) SELLER IS NOT MAKING ANY WARRANTY REPRESENTATION AS TO THE TAX CONSEQUENCES OF THIS TRANSACTION; AND (VII) BY REASON OF ALL THE FOREGOING, BUYER ASSUMES THE FULL RISK OF ANY LOSS OR DAMAGE OCCASIONED BY ANY FACT, CIRCUMSTANCE, CONDITION OR DEFECT PERTAINING TO THE PROPERTY. WITHOUT LIMITING THE GENERALITY OF ANY OF THE FOREGOING, BUYER SPECIFICALLY ACKNOWLEDGES THAT SELLER DOES NOT REPRESENT OR IN ANY WAY WARRANT THE ACCURACY OF ANY MARKETING INFORMATION OR PAMPHLETS LISTING OR DESCRIBING THE PROPERTY OR THE INFORMATION, IF ANY, PROVIDED BY SELLER TO BUYER; AND

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER HEREBY DISCLAIMS ALL WARRANTIES OF ANY KIND OR NATURE WHATSOEVER (INCLUDING WARRANTIES OF HABITABILITY AND FITNESS FOR PARTICULAR PURPOSES), WHETHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO WARRANTIES WITH RESPECT TO THE PROPERTY, TAX LIABILITIES, ZONING, LAND VALUE, AVAILABILITY OF ACCESS OR UTILITIES, INGRESS OR EGRESS, GOVERNMENTAL COMPLIANCE OR APPROVALS, OR THE



SOIL CONDITIONS OF THE LAND. BUYER FURTHER ACKNOWLEDGES THAT BUYER IS BUYING THE PROPERTY "AS IS" AND IN ITS PRESENT CONDITION AND THAT EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, BUYER IS NOT RELYING UPON ANY REPRESENTATION OF ANY KIND OR NATURE MADE BY SELLER, OR ANY OF ITS EMPLOYEES OR AGENTS OR SELLER GROUP WITH RESPECT TO THE LAND OR PROPERTY, AND THAT, IN FACT, NO SUCH REPRESENTATIONS WERE MADE EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT; and

FURTHER AND WITHOUT IN ANY WAY LIMITING ANY OTHER PROVISION OF THIS AGREEMENT, SELLER MAKES NO WARRANTY WITH RESPECT TO THE PRESENCE ON OR BENEATH THE LAND (OR ANY PARCEL IN PROXIMITY THERETO) OF HAZARDOUS MATERIALS. BY ACCEPTANCE OF THIS AGREEMENT AND THE SPECIAL WARRANTY DEED, BUYER ACKNOWLEDGES THAT BUYER'S OPPORTUNITY FOR INSPECTION AND INVESTIGATION OF SUCH LAND (AND OTHER PARCELS IN PROXIMITY THERETO) HAS BEEN ADEQUATE TO ENABLE BUYER TO MAKE BUYER'S OWN DETERMINATION WITH RESPECT TO THE PRESENCE ON OR BENEATH THE LAND (AND OTHER PARCELS IN PROXIMITY THERETO) OF SUCH HAZARDOUS MATERIALS.

2.7. Maintenance of Property. Except as Buyer may otherwise consent in writing, until the Closing Date, unless this Agreement is sooner terminated, Seller shall: (i) carry on the business of the Property in the ordinary course and in a manner consistent with Seller's prior practices; (ii) maintain the Property in its present condition and repair, ordinary wear and tear excepted; (iii) maintain the existing insurance policies for the Property and the operation thereof (and any replacements thereof) in full force and effect; (iv) not sell, transfer (other than to an affiliated entity that assumes the obligations of Seller under this Agreement), encumber, mortgage or place any lien upon the Property or in any way create or consent to the creation of any title condition affecting the Property; and (v) not enter into any new Service Contracts relating to the Property unless they are cancelable upon thirty (30) days or less notice, (vi) and not enter into any new leases, lease renewals, modifications, and/or extensions or lease brokerage agreements without Buyer's written approval, said approval shall not be unreasonably withheld (if Buyer does not provide approval or disapproval within two (2) business days than it shall be deemed waived or approved). Seller covenants and warrants that there are no lease brokerage agreements that will survive the Closing.

2.8. SNDA. Buyer shall have the right to deliver to Seller, no later than twenty (20) days following the Execution Date, a commercially reasonable form of subordination, attornment, and non-disturbance agreement (herein the "SNDA"). Provided the SNDA form is timely delivered to Seller, Seller shall request that each required tenant as described on the attached rent roll, execute and deliver the SNDA to Buyer no later than five (5) days prior to the Closing. Buyer acknowledges and agrees that obtaining any such SNDA is not a condition precedent of Closing, and Seller's inability to obtain an SNDA from any required tenant described on the rent roll shall not be a default by Seller under this Agreement.

2.9. Termination of Service Contracts. Prior to the Feasibility Date, Buyer shall notify Seller which Service Contracts Buyer wishes to assume at Closing. Notwithstanding the foregoing, Buyer shall assume all Service Contracts that are not terminable on 30 days or less notice or that require the payment of a termination charge (unless Buyer agrees to pay such termination charge). Notice of termination for all Service Contracts not assumed by Buyer shall be given by Seller not later than the Closing Date.

### ARTICLE III

#### PURCHASE PRICE AND TERMS OF PAYMENT; CLOSING ADJUSTMENTS

3.0 Purchase Price. The total Purchase Price shall be the Purchase Price set forth in Section 1.1 of this Agreement.

3.1 Payment of Purchase Price. The Purchase Price shall be paid as follows:

3.1.1 Deposit. Upon execution and delivery of the Contract, Buyer shall deliver the Deposit by wire transfer to the Seller. If Buyer fails to so deliver the Deposit, then Seller, at Seller's sole discretion, may terminate this Agreement by providing written notice to Buyer of such termination and thereafter, this Agreement shall be terminated and neither Seller nor Buyer shall have any further rights or obligations hereunder. The Deposit is consideration for the rights granted to Buyer to purchase the Property and shall be non-refundable except as otherwise provided herein. At the Closing Buyer shall receive a credit against the Purchase Price in the amount of the Deposit.

3.2 Payment at Closing. The balance of the Purchase Price, subject to the pro-rations and adjustments set forth in this Agreement, shall be paid (i) by Buyer by wire transfer to Title Company's account at the time of Closing, and (ii) by the Title Company to Seller by wire transfer to Seller's account immediately upon Closing. Buyer expressly acknowledges and agrees that, to the extent Buyer will require financing to close on this transaction, this Agreement is not subject or conditioned in any way on Buyer's ability to obtain such financing. Neither Seller nor any entity related to Seller in any way or for which Seller acts as a conduit for financing has any obligation to finance Buyer's purchase of the Property.

3.3 Closing Adjustments and Prorations. Except as otherwise provided in this Section 3.3, all adjustments and pro-rations to the Purchase Price payable at Closing shall be computed as 11:59 P.M. CST on the Closing Date, unless such other day is agreed to by the parties in writing (the "Pro-rations Date") Pro-rations Date; Such adjustments and pro-rations shall include the following:

3.3.1 Revenues and Expenses. Seller shall be entitled to receive all revenues and shall be charged with all expenses relating to the ownership and operation of the Property through the Pro-rations Date. All revenues and expenses shall be prorated as of the Pro-rations Date. The foregoing shall not, however, prohibit or restrict Seller from attempting to collect in any lawful manner after the Closing any such delinquent rent or other revenue directly from the Tenant or other party owing such amounts, and at Seller's sole costs and expense provided that Seller shall have no right to terminate any lease or any tenant's occupancy under any lease in connection therewith. The provisions of this Section shall survive Closing.

- 3.3.2 Security Deposits. Buyer shall receive the Security Deposits held by BDFI LLC at Closing.
- 3.3.3 Taxes and Assessments; Pending and Certified Liens. Taxes and assessments for the year of Closing shall be prorated as of the Pro-rations Date upon the amount of such taxes for the year of Closing if the amount of such taxes is known at the time of Closing; if such amount cannot be then ascertained, proration shall be based upon the amount of the taxes for the preceding year. If any tax proration shall be based upon the amount of taxes for the year preceding the year of Closing, such taxes, at the request of either party, shall be re-prorated and adjusted between the parties, on the basis of the tax bills for the year of Closing when received. To the extent that Seller completes any pending tax appeal which results in savings for periods prior to and after Closing, the parties agree to re-prorate any such taxes and to share in the costs of such appeal, including attorney's fees and costs, based on the parties' pro-rata ownership of the Property for such tax period. City/County, public liens and/or similar liens (collectively, "**Public Liens**"), if any, certified or for which the work has been substantially completed on the date of Closing and for which payment is due in full as of the Closing, shall be paid by Seller. Any Public Liens for which an installment payment is due and/or for which the owner of the Property has the right to make installment payments on an annual basis (as opposed to being paid in a lump sum), shall be prorated for the year of Closing. Buyer shall assume all obligations for any other Public Liens from and after Closing. Other assessments not included on the regular property tax bills, license fees for transferred licenses, and state or municipal fees and taxes for the Property for the applicable fiscal period during which Closing takes place shall be adjusted as of the Pro-rations Date on the basis of the most recent ascertainable assessments and rates, and shall be re-prorated as necessary pursuant to subparagraph (f) below. The provisions of this paragraph shall survive Closing.
- 3.3.4 Utility Charges. Electric, water, sewer, gas, fuel, waste collection and removal and other utility and operating expenses relating to the Property shall be prorated as of the Pro-rations Date. It shall be assumed that the utility charges were incurred uniformly during the billing period in which the Closing occurs. If bills for the applicable period are unavailable, the amounts of such charges will be estimated based upon the latest known bills. Notwithstanding the foregoing, to the extent possible (i) Seller and Buyer shall request the utility companies to read the meters as of the Pro-rations Date, (ii) Seller shall be responsible for all such utility charges incurred through the Pro-rations Date, (iii) Buyer shall make application to the various companies for the continuation of such services and the establishment of the required accounts in the name of Buyer effective from and after the Pro-rations Date, (iv) all prepaid deposits for utilities shall be refunded to Seller by the utility companies, and (v) it shall be Buyer's responsibility to make any utility deposits required for the continuation of such services from and after the Pro-rations Date.
- 3.3.5 Re-proration and Post-Closing Adjustments. In the event that any adjustments or pro-rations cannot be apportioned or adjusted at Closing by reason of the fact that final or liquidated amounts have not been ascertained, or are not available as of such



date, the parties hereto agree to apportion or adjust such items on the basis of their best estimates of the amounts at Closing and to re-prorate any and all of such amounts promptly when the final or liquidated amounts are ascertained. This provision shall survive the Closing.

3.4 Costs and Expenses. Buyer and Seller shall each pay one-half of any escrow fees if any, and Seller shall pay all costs of recording, all documentary stamp taxes, surtaxes, transfer taxes and recording taxes on the Special Warranty Deed, if any. Seller shall pay the cost of all title search, examination and out-of-pocket fees of the Title Company and the title insurance premium for the standard owner's title insurance policy to be issued to Buyer by the Title Company. Buyer shall pay the cost of any extended title insurance coverage and endorsements to Buyer's title insurance policy requested or required by Buyer and the costs of any survey or survey updates or modification ordered by Buyer. Attorneys' fees, consulting fees, and other due diligence expenses shall be borne by the party incurring such expense. The provisions of this Section shall survive the Closing.

3.5 Evidence of and Encumbrances Upon Title. Seller shall order (or Buyer may order on Seller's behalf) the Title Commitment and upon receipt thereof shall promptly deliver or cause to be delivered the Title Commitment, together with best available copies of all exceptions reflected therein, to Buyer and/or Buyer's counsel electronically. The Title Commitment shall be the basis upon which Buyer reviews the status of title to the Land. Buyer may file written objections to exceptions contained in the Title Commitment on or before seven (7) days after execution of contract of the Title Commitment and copies of such exceptions reflected therein, which objections, if any, shall indicate what is required to cure such objections; provided, however, the following shall be deemed "**Acceptable Encumbrances**" and Buyer shall not have the right to object to Acceptable Encumbrances, but Buyer may terminate this Agreement due to any encumbrance to Seller's title by written notice to Seller if the termination occurs on or before the Feasibility Date:

3.5.1 Real property taxes and assessments for the year in which the sale and purchase shall be closed, which shall be prorated as provided for herein;

3.5.2 The standard printed exceptions contained in owner's title insurance policies;

3.5.3 reserved;

3.5.4 Zoning and other regulatory laws and ordinances affecting the Property;

3.5.5 Easements for public utilities;

3.5.6 Any plat affecting the Property;

3.5.7 Any other matters of record that do not render the title unmarketable; and

3.5.8 Any matters that are approved in writing by Buyer or deemed approved by Buyer in accordance with this Agreement.

If Buyer timely files a written objection to any such item other than an Acceptable Encumbrance, then Seller may elect, but shall not be obligated, to attempt to cure, or cause to be cured, any such title objection, and shall provide Buyer with notice, within five (5) days after Seller's receipt of any such objection, of such intention to cure. If Seller elects (or is deemed to have elected) not to attempt to cure any such objection, or is unable to cure any such objection to the satisfaction of Buyer, Buyer shall have the right to either (i) terminate this Agreement or (ii) accept title in its then existing condition without reduction of the Purchase Price. If Buyer shall elect to terminate this Agreement, Buyer shall deliver to Seller copies or originals of all the Buyer's Due Diligence Reports to Buyer, and the Independent Consideration shall be retained by Seller, the Deposit is returned to the Buyer, and this Agreement shall terminate, and thereafter neither Seller nor Buyer shall have any further rights or obligations hereunder, except that Buyer shall remain obligated with respect to the indemnities and obligations of this Agreement which specifically survive termination. If Buyer fails to give written notice of objection to Seller on or before the Feasibility Date, or Buyer elects to proceed with Closing notwithstanding Seller's inability or refusal to cure any objections, all matters reflected on the Title Commitment shall be deemed to be Acceptable Encumbrances.

3.6 Survey. Within ten (10) days after the Execution Date, Buyer may cause a survey of the Real Property to be prepared or updated at Buyer's sole cost and expense. Any such survey shall conform to the Texas Surveyors Association standards for a Category 1A Condition II Survey, and be certified to Buyer, Seller and the Title Company. If any encroachments or other matters not acceptable to Buyer are shown, Buyer may give written notice of objection to Seller within such ten (10) day period, in which case any such encroachment or other matter shall be treated in the same manner as a title objection pursuant to Section 3.6 above. If, however, Buyer fails to obtain a survey or update or if Buyer obtains a survey or update but fails to give written notice of objection prior to the expiration of such ten (10) day period, all encroachments and other matters of survey shall be deemed approved by Buyer and shall constitute Acceptable Encumbrances. In the event the Title Company will provide survey coverage in the final title policy based upon an affidavit from Seller that there have not been any changes to the existing survey, then Buyer may elect not to get an updated survey provided that Seller is able provide Buyer and the Title Company with said survey affidavit.

3.7 Updated Title Commitment. On or before the Closing Date, Buyer and/or Seller may cause the Title Company to update the Title Commitment. If the updated Title Commitment contains exceptions that do not constitute Acceptable Encumbrances and were not previously disclosed on a prior Title Commitment, Buyer may file written objection thereto prior to the completion of the Closing. If Buyer timely and properly files written objection to any such other item, then same shall be treated in the same manner as a title objection pursuant to Section 3.6 above. If the updated Title Commitment contains no exceptions other than those reflected on the Title Commitment and other Acceptable Encumbrances or if Buyer fails to give written notice of objection to Seller prior to completion of Closing, all matters reflected on the updated Title Commitment shall be deemed Acceptable Encumbrances, this Agreement shall remain in full force and effect and Buyer shall be obligated to complete the transaction as required by this Agreement.

3.8 Title Policy. At Closing and as a condition to Buyer's obligation to close, the Title Company shall issue or be irrevocably and unconditionally committed to issue to Buyer an owner's

title insurance policy, insuring that title is vested in Buyer as the fee simple owner of the Land in the full amount of the Purchase Price and subject to only the Acceptable Encumbrances.

#### ARTICLE IV

#### ESCROW AND CLOSING

4.1 Escrow Instructions. Upon execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with the Title Company, and this Agreement shall serve as the instructions to the Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

4.2 Time and Place. Closing shall take place on the Closing Date.

4.3 Seller's Deposit of Documents. At or before Closing, Seller shall deposit or cause to be deposited into escrow with the Title Company the following items:

- 4.3.1 executed Special Warranty Deed with respect to the Land, in the form of **Exhibit B** hereto, together with any State, County and local transfer tax declarations and forms required to be executed by Seller.
- 4.3.2 an executed Affidavit in the form of **Exhibit C** hereto.
- 4.3.3 an executed Bill of Sale (without warranties) with respect to the Personal Property, if any, in the form of **Exhibit D** hereto.
- 4.3.4 two counterparts of an executed Assignment and Assumption Agreement with respect to the Intangible Property, in the form of **Exhibit E** hereto, together with originals or copies of any Leases, Service Contracts and Permits, to the extent in Seller's possession (which such Leases, Service Contracts and Permits shall be delivered at Seller's Property manager's office); to the extent any Service Contract requires a specific written assignment and/or assumption agreement with respect to such Service Contract, a specific executed written assignment and/or assumption agreement with respect to such Service Contract in the form required by the vendor under such Service Contract.
- 4.3.5 a form letter executed by Seller to advise all Tenants under Leases in the form of **Exhibit F** hereto and a form letter executed by Seller to advise all contractors under Service Contracts, if any, in the form of **Exhibit G** hereto, of the sale to Buyer.
- 4.3.6 an executed Buyer - Seller Closing Statement reflecting all financial aspects of the transaction.

4.3.7 all plans, specifications, permits, licenses and keys in Seller's actual possession with respect to the Property (which shall be delivered at Seller's Property manager's office).

4.3.8 a Consent of the Manager of Seller.

4.3.9 an executed Certificate of Non-Foreign Status in the form of **Exhibit H** hereto.

4.3.10 an updated and Rent Roll as described in **Exhibit J** attached hereto.

4.4 Buyer's Deposit of Documents. At or before Closing Buyer shall deposit or cause to be deposited into escrow the following:

4.4.1 cash to close in the amount required by Section 3.2.

4.4.2 any State, County and local transfer tax declarations and forms required to be executed by Buyer.

4.4.3 two counterparts of an executed Assignment and Assumption Agreement, in the form of **Exhibit E** hereto; to the extent any Service Contract requires a specific written assignment and/or assumption agreement with respect to such Service Contract, a specific executed written assignment and/or assumption agreement with respect to such Service Contract in the form required by the vendor under such Service Contract.

4.4.4 an executed Buyer - Seller Closing Statement.

4.4.5 evidence reasonably satisfactory to Seller and the Title Company reflecting that all documents executed by Buyer at Closing were duly authorized and executed.

4.4.6 an executed Limited Liability Certificate of Buyer authorizing Buyer to consummate the transaction contemplated hereby and to perform all of Buyer's obligations hereunder (if Buyer is a corporation, partnership or limited liability company).

4.4.7 Certificate of Good Standing from the Secretary of State in which Buyer is organized (if Buyer is a corporation, limited partnership or limited liability company) (if other than the State, a certificate of the Secretary of the State authorizing Buyer to do business in the State will also be required).

4.5 Other Documents. Buyer and Seller shall each deliver such other documents as are otherwise required by this Agreement or as are reasonably necessary to consummate the purchase and sale of the Property in accordance with the terms hereof. Unless the parties otherwise agree in writing, the Title Company is hereby designated as the "**Reporting Person**" for the transaction pursuant to Section 6045(e) of the United States Code and the regulations promulgated thereunder. If requested in writing by either party, the Title Company shall confirm its status as the Reporting Person in writing, which such writing shall comply with the requirements of Section 6045(e) of the United States Code and the regulations promulgated thereunder.

4.6 Possession. Possession of the Property, subject to the Leases, shall be surrendered to Buyer at the Closing.

## ARTICLE V

### ENVIRONMENTAL MATTERS

5.1 Release. Without limiting Section 2.6, if Buyer acquires the Property, Buyer acknowledges that Buyer shall be liable for any and all environmental matters post- Closing. Post-Closing, Seller shall not in any manner be responsible to Buyer for the presence of any Hazardous Materials at, on, in, under or relating to the Property, if any. Buyer hereby specifically releases the Seller Group from any and all claims, losses, liabilities, fines, charges, damages, injuries, penalties, response costs, and expenses of any and every kind whatsoever (whether known or unknown) relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials on the Property, if any, including without limitation, any residual contamination, in, on, under or about the Property or affecting natural resources, whether prior to or following Closing, and also including, without limitation, any liability due to asbestos-containing materials at the Property. Buyer's Closing hereunder shall be deemed to constitute an express waiver of Buyer's and its successors' and assigns' rights to sue Seller and of Buyer's right to cause Seller to be joined in an action brought under any federal, state or local law, rule, act, or regulation now existing or hereafter enacted or amended which prohibits or regulates the use, handling, storage, transportation or disposal of Hazardous Materials or which requires removal or remedial action with respect to such Hazardous Materials, specifically including but not limited to federal "CERCLA", "RCRA", and "SARA" acts ONLY IF THE RELEASE OCCURS POST-CLOSING. Each covenant, agreement, representation, and warranty of Buyer contained in this Section 6.1 of this Agreement shall survive the Closing or termination of this Agreement.

5.2 Indemnification. Without limiting the provisions of Section 2.4 and Section 2.6(c), Buyer hereby indemnifies and agrees to defend, protect, save and hold Seller Group harmless from and against any and all losses, liabilities, fines, charges, damages, injuries, penalties, response costs, expenses (including attorneys' fees and costs at all levels) and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against Seller, with respect to or as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Material from, the Property post- closing. The foregoing indemnification includes (a) all foreseeable and unforeseeable consequential damages to the maximum extent permitted by law; (b) the costs of any required or necessary repair, remediation, or decontamination of the Property; and (c) any fines and penalties that may be imposed. This agreement to defend, indemnify, protect, save and hold harmless shall survive the Closing of this Agreement and shall be in addition to any other obligations or liability that Buyer may have to Seller Group at common law or by statute or otherwise.

5.3 Confidentiality of Hazardous Materials Reports. Unless and until the Closing actually occurs, Buyer, its agents, consultants and employees shall keep confidential all Hazardous Materials Reports and other information, received or completed by Buyer in Buyer's independent factual, physical and legal examinations and inquiries of the Property, except that: (a) Buyer shall promptly after receipt provide copies thereof to Seller; and (b) Buyer may disclose same to its consultants if Buyer first obtains the agreement in writing of such consultants to keep such



Hazardous Materials Reports and related documentation confidential. Unless and until the Closing actually occurs, neither the contents nor the results of any test, report, analysis, opinion or other information shall be disclosed by Buyer, its agents, consultants and employees without Seller's prior written approval unless and until Buyer is legally required to make such disclosure. The provisions of this Section 6.3 shall survive the termination of this Agreement.

## ARTICLE VI

### WARRANTIES AND REPRESENTATIONS

6.1 Buyer's Warranties and Representations. Buyer warrants and represents that: (a) Buyer has the full right, power, and authority to purchase the Property from Seller as provided in this Agreement and to carry out Buyer's obligations hereunder; (b) Buyer is a limited liability company duly organized and in good standing under the laws of the state of its formation and qualified to transact business in the State; (c) all requisite action necessary to authorize Buyer to enter into this Agreement and to carry out Buyer's obligations has been obtained; (d) this Agreement has been duly authorized, executed and delivered by Buyer; and (e) the execution of this Agreement and the Closing to occur hereunder do not and will not violate any contract, covenant or other Agreement to which Buyer may be a party or by which Buyer may be bound. The provisions of this Section 6.1 shall be repeated as of the Closing.

6.2 Seller's Warranties and Representations. Seller warrants and represents that: (a) Seller has the full right, power, and authority to sell the Property to Buyer as provided in this Agreement and to carry out Seller's obligations hereunder; (b) Seller is a limited liability company duly organized and in good standing under the laws of its state of formation; (c) all requisite action necessary to authorize Seller to enter into this Agreement and to carry out Seller's obligations has been obtained; (d) this Agreement has been duly authorized, executed and delivered by Seller; (e) the execution of this Agreement and the Closing to occur hereunder do not and will not violate any contract, covenant or other Agreement to which Seller may be a party or by which Seller may be bound; (f) there is no action or proceeding pending or, to Seller's knowledge, threatened against the Property, including condemnation proceedings, or against Seller which challenges or impairs Seller's ability to execute or perform its obligations under this Agreement; and (g) to Seller's knowledge, Seller has not received written notice from any governmental entity of any violation by Seller of any law, rule or regulation affecting the Property or its use including any environmental law or regulation, nor any written notice that the Property is in violation of any applicable building or zoning code or ordinance, except for any such matters which may have been previously cured by Seller. The provisions of this Section 6.2 shall be repeated as of the Closing, and shall survive Closing.

## ARTICLE VII

### ASSIGNMENT

Buyer's reputation, experience, and financial status constitute a material inducement and a substantial part of the consideration for sale of the Property by Seller to Buyer. Therefore, Buyer may not assign this Agreement, nor may any of Buyer's rights hereunder or any ownership interest in Buyer be transferred in any manner to any person or entity, without Seller's specific prior written consent, which consent may be withheld by Seller for any reason whatsoever except, however,

that Buyer shall have the right to assign this Agreement, without Seller's consent, to an entity owned and controlled by Buyer; provided, however, any such assignment shall be binding on Seller only to the extent Buyer provides Seller with written intent to so assign, specifically naming the assignee and providing the signature block for the assignee, no later than five (5) Calendar Days prior to the Closing Date. If Buyer assigns this Agreement pursuant to the terms hereof: (a) the assignee shall be liable (jointly and severally with assignor) for all of Buyer's obligations hereunder; (b) the assignor (i.e., the original Buyer hereunder) shall remain obligated (but jointly and severally with assignee) with respect to all of Buyer's obligations hereunder; and (c) the assignor and any assignee shall execute such instruments of assignment and assumption in such form as Seller may require in confirmation of the provisions hereof.

### ARTICLE VIII

Buyer represents and warrants to Seller that Buyer has not contacted or entered into any agreement with any real estate broker, agent, finder, or any other party in connection with this transaction other than the Disclosed Broker and that Buyer has not taken any action which would result in any real estate broker's finder's, or other fees or commissions being due or payable to any other party with respect to this transaction. Seller represents and warrants to Buyer that Seller has not contacted or entered into any agreement with any real estate broker, agent, finder, or party in connection with this transaction other than the Disclosed Broker and that Seller has not taken any action which would result in any real estate broker's, finder's, or other fees or commissions being due and payable to any other party with respect to this transaction. Each party hereby indemnifies, protects, defends and agrees to hold the other party harmless from any loss, liability, damage, cost, or expense (including, but not limited to, reasonable attorneys' fees) resulting to the other party from a breach of the representation and warranty made by such party herein. Seller agrees to pay the Disclosed Broker a commission in accordance with a separate written agreement by and between Seller and the Disclosed Broker, which commission shall be paid only if, as and when Closing actually occurs and the Purchase Price is received by Seller. The provisions of this Article shall survive the Closing and termination of this Agreement.

### ARTICLE IX

#### DEFAULT

9.1 Buyer's Default. If Buyer shall fail to close the transaction contemplated hereby as and when required or if Buyer shall otherwise be in default of its obligations hereunder prior to Closing, the Deposit shall be retained by Seller as agreed and liquidated damages, it being acknowledged by Buyer and Seller that in such event Seller will suffer substantial damages but such damages are incapable of exact ascertainment. After retention by Seller of the Deposit, neither Seller nor Buyer shall have any further rights or obligations hereunder except that Buyer shall remain obligated pursuant to the provisions hereof which survive termination. If subsequent to Closing Buyer shall fail to comply with its obligations contained herein which survive Closing, Seller, in addition to any rights and remedies provided herein, shall be entitled to any and all remedies available at law or in equity.

9.2 Seller's Default. If this transaction shall not be closed because of default of Seller, the sole and exclusive remedy available to Buyer shall be return of the Deposit plus payment of the sum of

\$50,000.00 to Buyer as liquidated damages, it being agreed and understood (i) the amount of loss or damages likely to be incurred by Buyer is incapable or is difficult to estimate, and (ii) the amounts specified bear a reasonable proportion and are not disproportionate to the probable loss likely to be incurred by Buyer. Upon return of the Deposit and payment of the liquidated damages set forth herein above, this Agreement shall be null and void and neither Seller nor Buyer shall have any further rights or obligations hereunder except that Buyer shall remain obligated pursuant to the provisions hereof which survive termination.

9.3 No Obligation of Seller after Closing. Buyer expressly acknowledges and agrees that Seller has no obligations with respect to the Property that survive Closing, except as specifically set forth herein. The provisions of this Section shall survive the Closing.

## ARTICLE X

### NO JOINT VENTURE

Buyer acknowledges and agrees that neither Seller nor any other member of the Seller Group is a venturer, co-venturer, insurer, guarantor or partner of Buyer in Buyer's development of, construction upon and resale of the Property, and that Seller and Seller Group bear and shall bear no liability whatsoever resulting from or arising out of Buyer's ownership and development of, and construction upon, the Property. Therefore, Buyer agrees to indemnify and hold harmless the Seller Group from and against any and all losses, claims, demands, damages, costs and expenses of whatsoever kind or nature including reasonable attorneys' fees, related to or arising out of any claims against Seller or any other member of the Seller Group as a result of Buyer's ownership or development of, or construction upon, or resale of, the Property. Seller agrees to indemnify and hold harmless the Buyer from and against any and all losses, claims, demands, damages, costs and expenses of whatsoever kind or nature including reasonable attorneys' fees, related to or arising out of any claims against Buyer as a result of Seller's ownership. The provisions of this Article shall survive the Closing.

## ARTICLE XI

### MISCELLANEOUS

11.1 Confidentiality. Seller and Buyer shall make no public announcement or disclosure of the existence of, or any information related to, this Agreement to outside brokers or third parties, before the Closing, without the prior written specific consent of the other party; provided, however, that Buyer may, make disclosure of this Agreement to its "Permitted Outside Parties" (hereafter defined) as necessary to perform its obligations hereunder and as may be required under laws or regulations applicable to Buyer.

"Permitted Outside Parties", as used herein, shall mean those persons who are responsible for determining the feasibility of Buyer's acquisition of the Property and who have agreed to preserve the confidentiality of such information as required by this Agreement; provided, however, the Buyer shall disclose only such information to a particular Permitted Outside Party as is reasonably necessary for that particular Permitted Outside Party to perform its role in assisting Buyer with respect to this transaction, and nothing more.



11.2 Risk of Loss. Seller agrees to give Buyer prompt notice of any fire or other casualty affecting the Property after the Execution Date or of any actual or threatened (to the extent that Seller has current actual knowledge thereof) taking or condemnation of all or any portion of the Property after the Execution Date. If after the Execution Date and prior to Closing, there shall occur, damage to the Property caused by fire or other casualty which would cost an amount, greater than, or equal to, Two Hundred Fifty Thousand and no/100 dollars-(\$250,000.00) to repair, or the taking or condemnation of all or any portion of the Property which would materially interfere with the present use of such Property, then, in such event, Buyer shall have the right to terminate this Agreement by giving written notice to Seller, together with copies or originals of all the Buyer's Due Diligence Reports, within ten (10) days after Buyer has received notice from Seller or otherwise learns of that event. Upon delivery of such written termination notice, together with Buyer's delivery to Seller of copies or originals of all the Buyer's Due Diligence Reports, the Deposit, less the Independent Consideration, shall be delivered to Buyer, the Independent Consideration shall be retained by Seller, and neither party shall have any further rights or obligations hereunder, except, however, that Buyer shall remain obligated with respect to the indemnities and obligations herein which specifically survive termination. If Buyer does not so timely elect to terminate this Agreement, then the Closing shall take place as provided herein and at Closing, Seller shall assign to Buyer all interest of Seller in and to the insurance proceeds or condemnation awards payable to Seller on account of that event and less any sums reasonably incurred by Seller before and/or after the Closing in processing and resolving the claim with the insurance company, including but not limited to reasonable attorneys' fees and costs (collectively, the "**Net Proceeds**"). At Closing, Seller shall receive a credit in the amount of any sums reasonably incurred by Seller before the Closing to repair any damage caused by such event. Notwithstanding the foregoing, in the event that the amount of Net Proceeds exceeds the Purchase Price, Buyer shall only be entitled to a share of the Net Proceeds equal to the Purchase Price (the "**Buyer's Proceeds**") and Seller shall receive the balance of the Net Proceeds which exceed the Purchase Price (the "**Excess Proceeds**").

If, after the Execution Date and prior to Closing, there shall occur damage to the Property caused by fire or other casualty which would cost Two Hundred Fifty Thousand and no/100 dollars (\$250,000.00) to repair, or the taking or condemnation of a portion of the Property which would not materially interfere with the present use of the Property, then, Buyer may not terminate this Agreement and there shall be assigned to Buyer at the Closing all interest of Seller in and to the Buyer's Proceeds. At Closing, Seller shall receive a credit in the amount of any sums reasonably incurred by Seller before the Closing to repair any damage caused by such event.

If after the Execution Date and prior to Closing, there shall occur damage to the Property caused by fire or other casualty which would cost an amount greater than or equal to fifty percent (50%) of the Purchase Price to repair, then, in such event, Seller shall have the right to terminate this Agreement by written notice thereof delivered to Buyer within ten (10) days after that event. Upon such termination, the Deposit shall be delivered to Buyer, and neither party shall have any further rights or obligations hereunder, except, however, that Buyer shall remain obligated with respect to the indemnities and obligations herein which specifically survive termination. If Seller does not so timely elect to terminate this Agreement, then, provided that Buyer has not terminated this Agreement as provided for in the first paragraph of this Section, the Closing shall take place as provided herein and there shall be assigned to Buyer at the Closing all interest of Seller in and

to the Buyer's Proceeds. At Closing, Seller shall receive a credit in an amount of any sums reasonably incurred by Seller before the Closing to repair any damage caused by such event.

If any Buyer's Proceeds in connection with a casualty to the Property are assigned to Buyer at Closing in accordance with this Section 12.2, Seller shall retain the exclusive right to process and handle the claim with Seller's insurance company because Seller's insurance is under a blanket policy and the insurance company will not agree to deal directly with Buyer. Seller and Buyer agree to use good faith efforts to cooperate with each other in resolving the amount of the Net Proceeds, including, without limitation, promptly providing any and all materials requested by the insurance company and promptly responding to any and all inquiries from the insurance company. Seller shall not have the right to agree to the amount of Net Proceeds with the insurance company without the prior reasonable written consent of Buyer unless the Net Proceeds equal or exceed the Purchase Price. Upon payment by the insurance company, the Buyer's Proceeds shall be disbursed to Buyer and the Excess Proceeds, if any, shall be disbursed to Seller. Seller makes no representation or warranty with respect to the amount of the Net Proceeds that will be available from the insurance company in connection with any such casualty, including, without limitation, whether Buyer will be entitled to the actual cash value or the replacement cost of the Property. The provisions of this paragraph shall survive the Closing.

11.3 Construction. The terms "**Seller**" and "**Buyer**" whenever used in this Agreement shall include the heirs, personal representatives, successors and assigns of the respective parties hereto; provided, however, that Buyer's right of assignment is restricted by the provisions hereof. Whenever used, the singular number shall include the plural and the plural the singular, and the use of any gender shall include all genders. The term "**including**" as used herein shall in all instances mean "**including, but not limited to**". The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement. This Agreement and any related instruments shall not be construed more strictly against one party than against the other by virtue of the fact that initial drafts may have been prepared by counsel for one of the parties, it being recognized that this Agreement and any related instruments are the product of extensive negotiations between the parties hereto.

11.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which will constitute the same Agreement. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

11.5 Severability and Waiver. Invalidity of any one Section or provision of this Agreement by judgment or court order shall in no way affect any other Section or provision. Failure of any party to this Agreement to insist on the full performance of any of its provisions by the other party (or parties) shall not constitute a waiver of such performance unless the party failing to insist on full performance of the provision declares in writing signed by it that it is waiving such performance. A waiver of any breach under this Agreement by any party, unless otherwise expressly declared in writing, shall not be a continuing waiver or waiver of any subsequent breach of the same or other provision of this Agreement. The provisions of this Section shall survive the Closing.

11.6 Governing Law. The laws of the State of Texas (without regard to conflicts of law) shall govern the validity, construction, enforcement and interpretation of this Agreement.

11.7 Further Acts. In addition to the acts and deeds recited in this Agreement and contemplated to be performed, executed, and/or delivered under this Agreement, Seller and Buyer agree to perform, execute and/or deliver or cause to be delivered, executed and/or delivered at Closing or after Closing all further acts, deeds, and assurances reasonably necessary to consummate the transactions contemplated hereby.

11.8 Notices. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing. All such notices, demands, requests and other communications (and copies thereof) shall be deemed to be delivered: (a) if sent by messenger, upon personal delivery to the party to whom the notice is directed; (b) if sent by facsimile (which facsimile may only be sent on a Business Day), upon (i) the same Business Day sent provided that electronic or telephonic confirmation of receipt from the receiving facsimile machine is received within business hours on a Business Day at the place of receipt (unless a different time period is provided herein), or (ii) the next Business Day if said confirmation is received after business hours on the Business Day sent, or received on a day other than a Business Day; (c) if sent by email, so long as such email notice is received within business hours on a Business Day at the place of receipt (unless a different time period is provided herein) and is followed by notice pursuant to provisions (a) or (d) of this Section 12.8; (d) if sent by overnight courier, with request for next Business Day delivery, on the next Business Day after sending; or (e) whether actually received or not, two (2) Calendar Days after deposit in a regularly maintained receptacle for the United States mail, registered or certified, return receipt requested, postage prepaid, addressed as follows (or to such other address as the parties may specify by notice given pursuant to this Section):

TO SELLER: BDFI LLC  
1001 West Loop South Suite 700  
Houston, Texas 77027

TO BUYER: 7C Equity Group LLC  
11777 Katy Freeway, Suite 567  
Houston, TX 77079 \_\_\_\_\_  
Attn:  
Email:

With copy: M.D. Gibson & Bolen, P.C.  
5120 Woodway, Suite 8002  
Houston, TX 77056  
Attention: John P. Bolen  
Telephone: (713) 965-9800  
Facsimile: (713) 965-9173  
Email: jbolen@mdgibson.com

11.9 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to this subject matter and is not subject to any prior or contemporaneous oral or written

agreements. The undersigned parties affirm that they have not relied on any representations not expressed in this Agreement in deciding to enter into this Agreement. The undersigned parties further affirm that they are relying solely on their own judgment (and the advice of their own counsel) in deciding to enter into this Agreement.

11.10 1031 Exchange. Seller or Buyer may elect, upon notice to the other party given prior to the Closing Date, to exchange the fee title in the Property for other property of like kind and qualifying use within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended, and the Regulations promulgated thereunder (the "**1031 Exchange Transaction**"). In order to facilitate the 1031 Exchange Transaction, Buyer may retain the services of a Qualified Intermediary within the meaning of Treas. Reg. 1.1031(k)-1(g)(4), which shall provide services to Buyer in connection with Buyer's 1031 Exchange Transaction. Buyer expressly reserves the right to assign its rights under this Agreement to a Qualified Intermediary on or before the Closing Date. However, this assignment in no way relieves Buyer of any obligations or duties under this Agreement. By executing this Agreement, Seller agrees to cooperate with Buyer and the Qualified Intermediary, at no additional cost to Seller, to effect the 1031 Exchange Transaction and to execute and deliver any and all documents which reasonably may be required to effect the 1031 Exchange Transaction.

"Qualified Intermediary" shall mean entity chosen by the parties hereto, and any successors or assigns designated by Buyer in writing.

11.11 Recording. This Agreement shall not be recorded and Buyer agrees that recording same constitutes a default by Buyer.

11.12 Exhibits. The Exhibits that are referenced in and attached to this Agreement are incorporated in, and made a part of, this Agreement for all purposes.

11.13 Time of the Essence. Seller and Buyer expressly agree that time is of the essence with respect to this Agreement. If the final day of any period or any date of performance under this Agreement falls on a date which is not a Business Day, then the final day of the period or the date of performance, as applicable, shall be extended to the next day which is a Business Day.

11.14 No Third Party Beneficiary. This Agreement is solely between Seller and Buyer and no other party shall be entitled to rely upon any provision hereof for any purpose whatsoever.

11.15 Limitation on Liability. Buyer expressly agrees that the obligations and liabilities of Seller under this Agreement and any document referenced herein shall not constitute personal obligations of the officers, directors, employees, agents, trustees, partners, members, managers, representatives, stockholders or other principals and representatives of Seller. The limitations of liability contained in this paragraph shall apply equally and inure to the benefit of Seller's present and future officers, directors, trustees, shareholders, agents and employees, and their respective heirs, successors and assigns.

11.16 Mold Disclosure. Mold and/or other microscopic organisms can be found almost anywhere. They occur naturally in the environment and can grow on virtually any organic substance as long as moisture and oxygen are present. Mold and/or other microscopic organisms may cause property damage and/or health problems. Buyer acknowledges and agrees that Seller



shall not be responsible for any damages, liabilities, claims or losses arising out of or relating to mold and/or other microscopic organisms at the Property including but not limited to property damages, personal injury, adverse health effects, loss of income, emotional distress, death, loss of use or loss of value and Buyer hereby releases Seller from the same. Buyer hereby acknowledges that it has read and understood this disclosure and release and agrees to the provisions contained herein. The provisions of this Section shall survive the Closing or termination of this Agreement.

11.17 Prohibited Persons. Neither Buyer nor any of its respective officers, directors, shareholders, partners, members or affiliates (including without limitation indirect holders of equity interests in Buyer) is or will be an entity or person (i) that is listed in the Annex to, or is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001 ("EO13224"), (ii) whose name appears on the United States Treasury Department's Office of Foreign Assets Control ("OFAC") most current list of "**Specifically Designated National and Blocked Persons**" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/t11sdn.pdf>) (iii) who commits, threatens to commit or supports "**terrorism**", as that term is defined in EO13224, (iv) is subject to sanctions of the United States government or is in violation of any federal, state, municipal or local laws, statutes, codes, ordinances, orders, decrees, rules or regulations relating to terrorism or money laundering, including, without limitation, EO13224 and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or (v) who is otherwise affiliated with any entity or person listed above (any and all parties or persons described in clauses (i) – (v) above are herein referred to as a "**Prohibited Person**"). Buyer covenants and agrees that neither Buyer nor any of its respective officers, directors, shareholders, partners, members or affiliates (including without limitation indirect holders of equity interests in Buyer) shall (aa) conduct any business, nor engage in any transaction or dealing, with any Prohibited Person, including, but not limited to, the making or receiving of any contribution of funds, goods, or services, to or for the benefit of a Prohibited Person, or (bb) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in EO13224. The provisions of this Section shall survive the Closing or termination of this Agreement.

## ARTICLE XII

[Intentionally Deleted]

## ARTICLE XIII

### DISPUTE RESOLUTION

13.1 Mediation. If any dispute with respect to this Agreement develops between the parties and is not resolved by the parties within ten (10) days following a written request therefor by any of the parties, then such dispute shall be subject to mandatory mediation as a condition precedent to the institution of arbitration under this Agreement pursuant to Section 13.2, below. Any request for mediation shall be filed in writing with the other parties to this Agreement following the failure of such parties to negotiate a resolution of such dispute. Unless the parties mutually agree

otherwise, mediation will be conducted pursuant to the Commercial Mediation Rules of the American Arbitration Association currently in effect at the time of the mediation. Seller and Buyer agree to maintain the confidentiality of any dispute with respect to this Agreement, except as necessary to enforce any settlement agreement pursuant to mediation or any arbitration award.

13.2 Arbitration. Any dispute not initially resolved by agreement between the parties and then by mandatory mediation as provided above shall, upon the request of any party, be resolved by binding arbitration, administered by the American Arbitration Association in accordance with the terms of Exhibit I attached hereto and made part hereof for all purposes and, to the maximum extent applicable, the Federal Arbitration Association.

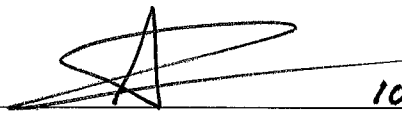
13.3 Attorneys' Fees; Jurisdiction; Venue. In the event of any litigation arising out of or under this Agreement, the prevailing party shall be entitled to collect from the non-prevailing party reasonable attorneys' fees and costs. Buyer and Seller hereby submit to the jurisdiction of the Civil Courts of the State and the United States District Courts located in the State in respect of any suit or other proceeding brought in connection with or arising out of this Agreement and venue shall be in Harris County. The provisions of this Section 13.3 shall survive the Closing.

13.4 WAIVER OF JURY TRIAL. THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT AND ANY DOCUMENT EXECUTED IN CONNECTION HERewith OR RELATED HERETO, OR ANY COURSE OR CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS TRANSACTION.


**(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)**

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the Execution Date.

**BDFI LLC,**  
a New York limited liability company

By:  10.1.2021  
Authorized Representative

**7C EQUITY GROUP LLC,**  
a Texas limited liability company

By:  9/30/21  
Name: Rakesh Bansal  
Title: Manager



**EXHIBIT A**

**LEGAL DESCRIPTION**

All that certain 3.1708 acres of land out of Lot 9, Roy B. Nichols Subdivision according to the plat thereof filed at Volume 321, Page 431 Harris County Deed Records being the same property described in a deed dated 12-29-1994 from 50 B.H. Inc. to BNS Buildings, Inc., filed in the Official Public Records of Harris County, Texas at Clerk File No. R208710, Film Code No. 502-27-3433, and being more particularly described by metes and bounds as follows:

BEGINNING at a found 5/8 inch iron rod marking the southeast corner of the end of Emmet Lane (30 feet wide) also being the most southerly southwest corner of Briar Hollow, according to the plat thereof filed at Volume 32, Page 61 Harris County Map Records;

THENCE S 89 degrees 56 minutes 00 seconds E-457.91 feet, with the south line of said Briar Hollow, to a found 5/8 inch iron rod with cap for corner;

THENCE along the centerline meanders of Briar Hollow Gully the following ten (10) courses and distances:

S 04 degrees 18 minutes 21 seconds W-75.54 feet to a found 5/8 inch iron rod with cap for angle point;

S 70 degrees 53 minutes 35 seconds W-28.65 feet to a called and found 1-1/4 inch iron pipe for angle point;

S 51 degrees 01 minutes 16 minutes W-71.17 feet to a called and found 1-1/4 inch iron pipe for angle point;

S 12 degrees 39 minutes 40 seconds E-80.46 feet to a found 5/8 inch iron rod with cap for angle point;

S 24 degrees 34 minutes 52 seconds W-15.47 feet to a found 5/8 inch iron rod with cap for angle point;

S 59 degrees 41 minutes 53 seconds W-15.10 feet to a found 5/8 inch iron rod with cap for angle point;

S 84 degrees 15 minutes 45 seconds W-11.90 feet to a found 5/8 inch iron rod with cap for angle point;

N 65 degrees 48 minutes 54 seconds W-29.20 feet to a called and found 1-1/4 inch iron pipe for angle point;

N 89 degrees 36 minutes 28 seconds W-53.02 feet to a found 5/8 inch iron rod with the cap for angle point;

S 74 degree 28 minutes 23 seconds W-77.11 feet to a found 5/8 inch rod with cap for corner;

THENCE N 25 degrees 50 minutes 33 seconds W-77.33 feet, with the south line of that certain 3.2309 acre tract as described in a Substitute Trustee's Deed dated 1-3-1989 from Mark D. Stout, Substitute Trustee to New England Mutual Life Insurance Company filed in the Official Public Records of Real Property of Harris County, Texas at Clerk File No. L995411, Film Code No. 136-79-0067, to a found 5/8 inch rod with cap for corner;

THENCE N 78 degrees 28 minutes 22 seconds W-97.76 feet, continuing with the south line of said 3.2309 acre tract, to a found 5/8 inch iron rod for angle point;

THENCE N 89 degrees 39 minutes 54 seconds W-113.14 feet, continuing with the south line of said 3.2309 acre tract, to a found 5/8 inch iron rod with cap for angle point;

THENCE N 89 degrees 56 minutes 00 seconds W-348.00 feet, continuing with the south line of said 3.2309 acre tract, to a found 5/8 inch iron rod for corner;

Upon recording, return to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT B**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**SPECIAL WARRANTY DEED**

THIS INDENTURE, made effective as of the \_\_\_\_ day of \_\_\_\_\_, 2021 between **BDFILLC**, a New York limited liability company ("**Grantor**", in favor of **7C EQUITY GROUP LLC**, a Texas limited liability company ("**Grantee**"), whose address is \_\_\_\_\_:

**WITNESSETH THAT:**

Grantor, for and in consideration of the sum of Ten and No/100 U.S. Dollars (\$10.00), lawfully money of the United States of America, to it in hand paid by Grantee, at or before the unsealing and delivery of these presents, the receipt of which is hereby acknowledged, has granted, bargained, sold, aliened, remised, released, conveyed and confirmed and by these presents does grant, bargain, sell, alien, remise, release, convey and confirm unto Grantee and its successors and assigns forever, the parcel of land, with the building and improvements thereon erected, situate, lying and being in the County of Harris, State of Texas, and more particularly described on the attached **Exhibit A** (the "**Property**").

Subject however, to:

- (a) Real property taxes and assessments for the year 2021 and thereafter;
- (b) Zoning and other regulatory laws and ordinances affecting the Property;
- (c) reserved;
- (d) Any plat affecting the Property; and
- (e) Easements, rights of way, limitations, conditions, covenants, restrictions, and other matters of record.

TOGETHER with all singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining.

TO HAVE AND TO HOLD the same in fee simple forever.

AND Grantor hereby specially warrants the title to the Property and will defend the same against the lawful claims of any persons claiming by, through or under Grantor, but against none other.

This conveyance is made on an “As Is”, “Where Is” and “With All Faults” basis. The Property is sold in its present condition, AS IS and no warranties, express or implied, are made or inferred by virtue of this conveyance, as more particularly described in that certain Agreement For Sale and Purchase of Property dated September \_\_\_, 2021 between Grantor and Grantee, except for the special warranty of title provided herein.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, Grantor has caused these presents to be executed the day and year first above written.

**BDFI LLC**,  
a New York limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Agent

STATE OF TEXAS            )  
  ) SS.  
COUNTY OF HARRIS        )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2021 by \_\_\_\_\_, as Authorized Agent of **BDFI LLC**, a New York limited liability company, on behalf of the company. He is personally known to me or has produced a driver's license as identification.

\_\_\_\_\_  
Notary Public  
Print Name: \_\_\_\_\_  
Serial No. (if any): \_\_\_\_\_

**EXHIBIT C**

**AFFIDAVIT**

STATE OF TEXAS                    )  
  )       SS:  
COUNTY OF HARRIS            )

BEFORE ME, the undersigned authority, personally appeared \_\_\_\_\_ ("Affiant") as Authorized Representative of **BDFI LLC**, a New York limited liability company ("Seller"), who being by me first duly sworn, deposes and says:

1. Seller is this day conveying its rights, title and interest in and to the real property more particularly described on the attached **Exhibit A** hereto (the "**Property**") to **7C EQUITY GROUP LLC**, a Texas limited liability company ("**Buyer**").

2. There have been no improvements, alterations or repairs to the Property authorized by Seller for which the costs thereof remain unpaid, except for \_\_\_\_\_, there are no construction, materialmen's or laborers' liens against the Property arising through work performed by or for Seller, except to the contractors listed above that are being paid as of the date hereof.

3. There are no parties in possession of the Property other than the tenants set forth on the attached list of tenants.

4. Under penalties of perjury, Affiant declares that he has examined this certification and to the best of his knowledge and belief it is true and complete.

**[SIGNATURE PAGE FOLLOWS]**

FURTHER AFFIANT SAITH NOT.

\_\_\_\_\_

SWORN TO AND SUBSCRIBED before me this \_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, Authorized Agent of **BDFI LLC**, a New York limited liability company, on behalf of the company. He is personally known to me or has produced a driver's license as identification.

\_\_\_\_\_  
Notary Public

Print Name: \_\_\_\_\_

Serial No. (if any): \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

**EXHIBIT D**

**BILL OF SALE**

**BDFI LLC**, a New York limited liability company ("**Assignor**"), in accordance with the Agreement for Sale and Purchase of Property dated September \_\_, 2021 and in consideration of the sum of Ten Dollars (\$10.00) (the sufficiency and receipt of which are hereby acknowledged), does hereby grant, bargain, sell, convey, assign, transfer, set over and deliver (collectively, "**assign**") unto **7C EQUITY GROUP LLC**, a Texas limited liability company ("**Assignee**"), all of Assignor's right, title and interest in and to all of the furniture, furnishings, fixtures, equipment and other tangible personal property, that is now affixed to and/or located on the Real Property described on **Exhibit A** attached hereto and used in connection with the management, operation, or repair of that Real Property (collectively, "**Personal Property**"), excluding any property owned or leased by any of the tenants.

TO HAVE AND TO HOLD the Personal Property unto Assignee and Assignee's heirs, legal representatives, successors and assigns forever.

THE PERSONAL PROPERTY IS BEING ASSIGNED "**AS IS**", "**WHERE IS**", AND "**WITH ALL FAULTS**" AS OF THE DATE OF THIS BILL OF SALE, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER AS TO ITS CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. ASSIGNEE IS HEREBY ACQUIRING THE PERSONAL PROPERTY BASED SOLELY UPON ASSIGNEE'S OWN INDEPENDENT INVESTIGATIONS AND INSPECTIONS OF THAT PROPERTY AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY ASSIGNOR OR ASSIGNOR'S AGENTS OR CONTRACTORS. ASSIGNOR HAS MADE NO AGREEMENT TO ALTER, REPAIR OR IMPROVE ANY OF THE PERSONAL PROPERTY. ASSIGNOR SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING THE PERSONAL PROPERTY OR ASSIGNOR'S TITLE THERETO.

**[SIGNATURE PAGE FOLLOWS]**



IN WITNESS WHEREOF, Assignor has signed and delivered this Bill of Sale as of the  
\_\_\_\_ day of \_\_\_\_\_, 2021.

**BDFI LLC**, a New York limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Representative

**EXHIBIT E**

**ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of the \_\_\_\_ day of \_\_\_\_\_, 2021, by and between (a) **BDFI LLC**, a New York limited liability company ("**Assignor**") and (b) **7C EQUITY GROUP LLC**, a Texas limited liability company ("**Assignee**").

WHEREAS, Assignor and Assignee entered into that certain Agreement for Sale and Purchase of Property ("**Agreement**") dated September \_\_\_\_, 2021, for the sale and purchase of certain "**Property**" consisting of "**Real Property**" (as more particularly described in **Exhibit A** attached hereto), "**Personal Property**" and "**Intangible Property**" (as more particularly described in this Assignment and Assumption Agreement), as said terms are defined in the Agreement;

WHEREAS, Assignor desires to assign, transfer, set over and deliver to Assignee all of Assignor's right, title and interest in and to the Intangible Property as hereinafter provided; and

WHEREAS, Assignee desires to assume the duties and obligations of Assignor with respect to the Intangible Property.

NOW, THEREFORE, in accordance with the Agreement and in consideration of the sum of Ten Dollars (\$10.00), the sufficiency and receipt of which are hereby acknowledged, the parties do hereby covenant and agree as follows and take the following actions:

1. Assignor does hereby assign, transfer, set over and deliver unto Assignee all of the Assignor's right, title and interest, if any, in and to the following property to the extent the same is transferable by Assignor (collectively, "**Intangible Property**"):

(a) any and all leases, tenancies, licenses and other rights of occupancy or use of or for any portion of the Real Property or the Personal Property (including all amendments and renewals thereof), in effect as of the date of this Assignment and Assumption Agreement (collectively, "**Leases**");

(b) any and all service, maintenance, supply or operating contracts or other agreements, however termed, written or oral, affecting the use, ownership, maintenance, or operation of all or any part of the Property (but specifically excluding any Leases and any management agreements) in effect as of the date of this Assignment and Assumption Agreement (collectively, "**Service Contracts**");

(c) any and all licenses, permits, authorizations, certificates of occupancy and other approvals that are in effect for the current use and operation of the Property (collectively, "**Permits**"); and

(d) any and all warranties, guaranties, telephone exchange numbers, architectural or engineering plans and specifications, air rights and development rights that exist

as of the date of this Assignment and Assumption Agreement and relate to the Real Property or the Personal Property, but excluding any rights and/or claims and/or judgments, settlements or other rights to payment and/or pending or anticipated actions of Assignor against and/or relating to any former tenants (and/or guarantors of the leases entered into by such tenants) at any of the Properties and from and/or against any former owners of any of the Properties and/or any former borrowers or guarantors under, arising from or related to any loan held by Assignor and/or Assignor's affiliates (collectively, "**General Intangibles**").

2. THE INTANGIBLE PROPERTY IS BEING ASSIGNED "**AS IS**", "**WHERE IS**", AND "**WITH ALL FAULTS**" AS OF THE DATE OF THIS ASSIGNMENT AND ASSUMPTION AGREEMENT, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER AS TO ITS CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. ASSIGNEE IS HEREBY ACQUIRING THE INTANGIBLE PROPERTY BASED SOLELY UPON ASSIGNEE'S OWN INDEPENDENT INVESTIGATIONS AND INSPECTIONS OF THAT PROPERTY AND NOT IN RELIANCE ON ANY INFORMATION PROVIDED BY ASSIGNOR OR ASSIGNOR'S AGENTS OR CONTRACTORS. ASSIGNOR SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING THE INTANGIBLE PROPERTY OR ASSIGNOR'S TITLE THERETO.

3. Assignee hereby accepts the foregoing assignment of the Intangible Property and hereby assumes all duties and obligations of Assignor under the Leases, Service Contracts, Permits and General Intangibles assigned herein. Assignee shall defend, indemnify and hold harmless Assignor from and against any and all Claims asserted against or incurred by Assignor as a result of any acts or omissions, from and after the date of this Assignment and Assumption Agreement, in connection with the Leases, Service Contracts, Permits and General Intangibles assigned herein. "**Claims**" means claims, demands, causes of action, losses, damages, liabilities, judgments, costs and expenses (including attorneys' fees, whether suit is instituted or not). Assignor shall defend, indemnify and hold harmless Assignee from and against any and all Claims asserted against or incurred by Assignee as a result of any acts or omissions, prior to the date of this Assignment and Assumption Agreement, in connection with the Leases, Service Contracts, Permits and General Intangibles assigned herein. "**Claims**" means claims, demands, causes of action, losses, damages, liabilities, judgments, costs and expenses (including attorneys' fees, whether suit is instituted or not)

4. This Assignment and Assumption Agreement shall be (a) binding upon, and inure to the benefit of, the parties to this Assignment and Assumption Agreement and their respective heirs, legal representatives, successors and assigns, and (b) construed in accordance with the laws of the State of Texas, without regard to the application of choice of law principles.

5. The parties may execute this Assignment and Assumption Agreement in one or more identical counterparts, all of which when taken together will constitute one and the same instrument. If so executed, each of such counterparts is to be deemed an original for all purposes, and all such counterparts shall, collectively, constitute one agreement, but in making proof of this Assignment, it shall not be necessary to produce or account for more than one such counterpart.


**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, this Assignment and Assumption Agreement has been signed and delivered by the parties as of the date first above written.

**BDFI LLC,**  
a New York limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Representative

**7C EQUITY GROUP LLC,**  
a Texas limited liability company

By:  \_\_\_\_\_ 9/30/21  
Name: Rakesh Bansal  
Title: Manager

**EXHIBIT F**

**NOTICE TO TENANT**

\_\_\_\_\_, 2021

**RE: 50 Briar Hollow**

Dear Tenant:

Please be advised that on this date **BDFI LLC**, a New York limited liability company (the "**Prior Owner**"), has transferred ownership of the property referenced above, to **7C EQUITY GROUP LLC**, a Texas limited liability company (the "**New Owner**"). All correspondence regarding your lease should hereafter be sent to the New Owner at \_\_\_\_\_ . The New Owner has assumed all obligations of the landlord under your lease from and after the above date. All security deposits in the possession of the Prior Owner have been delivered to the New Owner. Please send all further rental payments under the lease to the New Owner to the address designated above for receipt of such payments, unless otherwise directed by the New Owner.

Thank you very much for your assistance in this matter.

Very truly yours,

**BDFI LLC**,  
a New York limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Representative

**EXHIBIT G**

**NOTICE TO SERVICE CONTRACTOR**

\_\_\_\_\_, 2021

**RE:           50 Briar Hollow  
              HOUSTON, TEXAS 77027**

Dear Service Contractor:

Please be advised that on this date **BDFI LLC**, a New York limited liability company (the "**Prior Owner**"), has transferred ownership of the property referenced above, to **7C EQUITY GROUP LLC**, a Texas limited liability company (the "**New Owner**"). You must look to the New Owner, and not to the Prior Owner, for all payments and other expenses, if any, due under your contract for services provided after this date. All correspondence should be directed to the New Owner at \_\_\_\_\_.

Very truly yours,

**BDFI LLC,**  
a New York limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Representative



**EXHIBIT H**

**CERTIFICATE OF NON-FOREIGN STATUS**

STATE OF TEXAS                   §

COUNTY OF HARRIS           §

Section 1445 of the Internal Revenue Code (the "**Code**") provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Code Section 1445), the undersigned "**Transferor**", which is the owner, directly or indirectly of all of the general and limited partnership or member interests of **BDFI LLC**, a New York limited liability company, a disregarded entity (which has legal title to a U.S. real property interest under local law), will be the actual transferor of the property for U.S. tax purposes and not the disregarded entity. To inform \_\_\_\_\_ ("**Transferee**"), that withholding of tax is not required upon the disposition of a U.S. real property interest by Transferor, the undersigned hereby certifies as follows:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is: # \_\_\_\_\_;
3. Transferor's office address is.
4. Transferor is not a disregarded entity as defined in Treasury Regulations Section 1.1445-2(b)(2)(iii).

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, the undersigned, in the capacity set forth below, hereby declares that he has examined this certification and to the best of his knowledge and belief it is true, correct, and complete, and the undersigned further declares that he has authority to sign this document in such capacity.

**(Signature Page Follows)**

EXECUTED to be effective as of the \_\_\_\_ day of \_\_\_\_\_ 2021.

**TRANSFEROR**

**BDFI LLC,**  
a New York limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Representative

STATE OF TEXAS     )  
                                  ) SS:  
COUNTY OF HARRIS )

This instrument was acknowledged before me, a notary public this \_\_\_\_ day of \_\_\_\_\_, 2021, by \_\_\_\_\_, Authorized Representative of **BDFI LLC**, a New York limited liability company, on behalf of said limited liability company. He is \_\_\_\_ personally known to me or \_\_\_\_ has produced a driver's license as identification.

\_\_\_\_\_  
Notary Public  
Print : \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

**EXHIBIT I**

**ARBITRATION OF DISPUTES UNDER THE AGREEMENT**

A. Any dispute under the Agreement where the method for the resolution of such dispute is not otherwise provided for in the Agreement shall be settled by arbitration and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be initiated by filing a demand for arbitration with the regional office of the American Arbitration Association (“AAA”) for Houston, Texas, together with the appropriate fee as provided in the AAA’s administrative fee schedule and serving a copy of the demand on all other parties to the dispute. The party filing the demand for arbitration is referred to herein as the “Claimant” and all other parties to the dispute are referred to herein as “Respondents”. The demand for arbitration shall include a brief description of the nature of the dispute to be arbitrated and the relief, remedy, or resolution of the dispute sought by the Claimant. Each Respondent shall, within the time provided by the applicable rules of the AAA, file with the AAA a response to the arbitration demand which shall include a brief description of Respondent’s position on the dispute and the relief, remedy, or resolution sought by Respondent. Respondent shall serve a copy of his response on Claimant. A single arbitrator shall be selected by the parties pursuant to the applicable rules of the AAA. The arbitrator shall be licensed to practice law and shall be knowledgeable in the subject matter of the dispute to be arbitrated. The arbitration shall be held in Houston, Texas at a location determined by the AAA.

B. Except as otherwise specifically provided herein, all arbitration proceedings under this Exhibit I shall be conducted in accordance with the Commercial Arbitration Rules of the AAA (or such other Rules of the AAA selected by the General Partner within a reasonable time after the filing of a demand for arbitration) (the Rules selected by the General Partner being referred to as the “Rules”), as then amended and in effect. Any question regarding the arbitration not resolved under the Rules shall be determined in accordance with Texas law.

D. If an arbitration under this Exhibit I is commenced, or if another legal proceeding is commenced regarding the award of the arbitrator, the party who prevails or substantially prevails in such proceedings shall be entitled to recover from the other party or parties in such proceedings all costs, expenses, and reasonable attorneys’ fees incurred in connection with such proceedings including any proceedings in the court of appeals.

E. Waiver of Certain Damages. Notwithstanding any other provision in this Agreement to the contrary, the parties expressly agree that the arbitrator shall have absolutely no authority to award consequential, incidental, special, treble, exemplary, or punitive damages of any type under any circumstances regardless of whether such damages may be available under Texas law, or any other laws, or under the Federal Arbitration Act, or the Rules; provided, however, a party may seek reimbursement of or indemnification for any such damages that a party has paid or has been ordered to pay on a claim of a third party.

F. Limitations on Arbitrator. The arbitrator shall have the authority to interpret and apply the terms and conditions of this Agreement and to order any remedy allowed by this Agreement, including specific performance of the Agreement. No arbitrator may charge any fee for cancellation or continuance of any hearing.

G. Transcripts and Decisions. The parties to any arbitration demanded hereunder shall request that final award of the arbitrator be in writing, be as brief as possible, and set forth the reasons for such award. If the arbitrator awards monetary damages to any party, the award must then also contain a certification by the arbitrator that, except as permitted by Section E of this Exhibit I, the award does not include any amount for consequential, incidental, special, treble, exemplary, or punitive damages.

H. Miscellaneous. All statutes of limitation that otherwise would be applicable to any dispute covered by this arbitration agreement shall apply in any arbitration brought pursuant to the Agreement. In the event of any inconsistency between this Exhibit I and the aforesaid Commercial Arbitration Rules of the AAA (or other Rules of the AAA selected by the General Partner), this Exhibit I shall control. All parties agree to keep all disputes and arbitration proceedings strictly confidential, except that the parties may disclose such information as is required in the ordinary course of business of the parties or by applicable laws. To the fullest extent permitted by law, the arbitration proceeding and the arbitrators' award shall be maintained in confidence by the parties, and the parties shall instruct the AAA and the arbitrator to likewise maintain such matters in confidence.

**EXHIBIT J**

**RENT ROLL**

Addendum F

## CLIENT CONTRACT INFORMATION



IBC BANK APPRAISAL ENGAGEMENT LETTER

May 26, 2022

Bruce Bailey, MAI  
CBRE – Valuation & Advisory Services  
2800 Post Oak Blvd., Suite 500  
Houston, Texas 77056

In accordance with Uniform Standards of Professional Appraisal Practice (USPAP), Financial Institutions Reform, Recovery & Enforcement Act of 1989 (FIRREA), the Interagency Appraisal and Evaluation Guidelines of December 2010, and the policies and procedures of International Bank of Commerce, I hereby request you complete an appraisal of the property referenced below.

Please adhere to the requirements agreed upon in IBC Banks "Master Engagement Letter" and provide an appraisal report as follows:

**Subject Property:** Acquisition of +/- 3.17 acres of land with two office buildings totaling 199M SF located at 50 Briar Hollow in Houston, TX 77027 and redevelopment into a +/- 204-unit multi-family project.

**Intended User(s):** International Bank of Commerce - Houston  
Lender: Peter Leong  
Borrower: 7C Briar Hollow, LLC

**Intended Use:** Financing Purposes

**Appraisal Format:** Narrative

**Appraisal Type:** Appraisal Report (X) Restricted Report ( )

**Interest to be Appraised:** (X) Fee Simple (X) Leased Fee ( ) Lease Hold ( ) Other

**Appraisal Cost:** We agree that your appraisal fee will be (Inclusive of all expenses) **\$5,500.00** (five thousand five hundred dollars & no cents)

Please Note: If the appraisal report is received after the indicated date below, a daily deduction of \$50.00 will made from the fee unless an extension has been granted by IBC Bank.

**Due Date:** Please complete and deliver the certified appraisal electronically by **June 16, 2022.**

POPLABS 00284



**Number of Report Copies:** Please deliver **(1) one electronic copy** of the final report on the subject property to [uroosaashfaq@ibc.com](mailto:uroosaashfaq@ibc.com).

**Contact/Access:** **Rajib Batabyal**  
(713) 569-6594  
[rajib@7cequitygroup.com](mailto:rajib@7cequitygroup.com)

**Please address Report to:** **Uroosa Ashfaq**  
Senior Loan Review Analyst  
International Bank of Commerce - Houston  
5615 Kirby Drive  
Houston, Texas 77005

If you have any questions or require more information, please contact me @ 713-285-2223 or [uroosaashfaq@ibc.com](mailto:uroosaashfaq@ibc.com).

RECEIVED AND AGREED TO:



Bruce Bailey, MAI  
Senior Managing Director  
As Agent for CBRE, Inc.

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Bruce Bailey  
CBRE – Valuation & Advisory Services



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Uroosa Ashfaq  
International Bank of Commerce

P.O. DRAWER 1359 LAREDO, TEXAS 78042-1359 (956) 722-1176 TELEX 763-435 MEMBER INTERNATIONAL BANCSHARES CORPORATION-FDIC

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Addendum G

# QUALIFICATIONS

## **QUALIFICATIONS OF**

**STEVE LEWIS, MAI**  
**First Vice President**  
**National Student Housing Practice Leader**

**CBRE, Inc.**  
**VALUATION AND ADVISORY SERVICES**  
**2800 Post Oak Boulevard, Suite 500**  
**Houston, Texas 77056**  
**(713) 888-4760**  
**Steve.Lewis@cbre.com**

## **FORMAL EDUCATION**

Texas A & M University, College Station, Texas – MBA Finance & Real Estate (May 1986)  
The University of Texas, Austin, Texas - BBA Finance (May 1984)

## **CONTINUING EDUCATION**

All current requirements have been completed for each of the state's certifications as well as the Appraisal Institute for the MAI designation.

## **LICENSE(S)/CERTIFICATION(S)**

Certified Real Estate Appraiser:	State of Arkansas (CG3326N)
	State of Kansas (G2588)
	State of Louisiana (G2803)
	State of Missouri (2008028803)
	State of Oklahoma (12211CGA)
	State of Texas (TX – 1320509-G)

## **PROFESSIONAL AFFILIATIONS & DESIGNATIONS ATTAINED**

Appraisal Institute - Designated Member (MAI), Certificate No. 8970 – June 1991

## **EMPLOYMENT EXPERIENCE**

Over thirty years of real estate appraisal and consulting experience throughout the United States. Experience includes research, analysis, presentation, review, management, and defense of real estate valuation and feasibility studies. Current specialization is Student Housing projects within the South-Central region.

1998 to current	CBRE, Inc.	Houston, TX
1996-1998	Bank of America	Houston, TX
1992-1995	Bank of America	Sacramento, CA
1990-1992	Bank One Management & Consulting	Dallas, TX
1988-1990	Nations Bank / AMRESKO	Dallas, TX
1984-1988	McClellan & Massey, Inc.	Dallas, TX

STEVEN GUY LEWIS  
19506 LIGHTED HILL CT  
CYPRESS, TX 77433



## Certified General Real Estate Appraiser

Appraiser: **Steven Guy Lewis**

License #: **TX 1320509 G**

License Expires: **04/30/2023**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

**Chelsea Buchholtz**  
Commissioner

POPLABS 00288

# Steve Lewis, MAI

*Vice President – Valuation and Advisory Services, Houston, TX*



T 1+713 888 4760  
 M 1+713 385 9271  
 steve.lewis@cbre.com

2800 Post Oak Blvd, Suite 500  
 Houston, TX 77056

## Clients Represented

- Walker & Dunlop
- AIG
- BB&T Bank
- Bank of the Ozarks
- Comerica Bank
- JLL
- RERC
- Harrison Street
- PNC Bank
- Capital One Bank
- Berkadia Commercial
- PGIM Real Estate
- Berkeley Point Capital
- Landmark Properties
- M&T Realty Capital
- Key Bank
- Newmark
- AEGON USA Realty
- The Preiss Company
- Mapletree Investments
- Scion Group
- Prosperity Bank
- Texas A&M System
- Park7 Group
- American Campus

## Experience

Steve Lewis is the National Appraisal Practice Leader of the CBRE Valuation & Advisory Student Housing Valuation Group. This group has extensive experience in the valuation of student housing related properties including lease by the bed, dormitory, Co-op houses, and traditional lease by the unit apartments located near university campuses. This group maintains an extensive database of enrollment trends, construction costs, income and expense trends, and occupancy trends for all the major student housings markets in the South-Central Region.

## Representative Assignments

College/University	City	State
• Texas A&M University	College Station	Texas
• University of Texas	Austin	Texas
• Texas Tech University	Lubbock	Texas
• Texas State University	San Marcos	Texas
• Baylor University	Waco	Texas
• Texas Christian University	Fort Worth	Texas
• Sam Houston State University	Huntsville	Texas
• University of North Texas	Denton	Texas
• Texas A&M University - Galveston	Galveston	Texas
• Texas A&M University - Corpus Christi	Corpus Christi	Texas
• University of Texas - San Antonio	San Antonio	Texas
• University of Texas - Arlington	Arlington	Texas
• Texas A&M - Prairie View	Prairie View	Texas
• Louisiana State University	Baton Rouge	Louisiana
• University of Louisiana - Lafayette	Lafayette	Louisiana
• Kansas State University	Manhattan	Kansas
• University of Kansas	Lawrence	Kansas
• University of Oklahoma	Norman	Oklahoma
• Oklahoma State University	Stillwater	Oklahoma
• University of Arkansas	Fayetteville	Arkansas
• Missouri State University	Springfield	Missouri

## Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI)
- Certified General Real Estate Appraiser – States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas
- Regular attendance at National Student Housing Conferences

## Education

- Texas A&M University - College Station, TX – MBA; emphasis in Real Estate and Finance
- University of Texas - Austin, TX - BBA; Finance

# Bruce Bailey, MAI

*Senior Managing Director, Houston, Texas*



T +1 713 888 4701  
F +1 713 840 6649  
Bruce.Bailey@cbre.com

2800 Post Oak Boulevard,  
Suite 500  
Houston, TX 77056

## Clients Represented

- Wells Fargo Bank
- Capital One
- BBVA USA
- Zions Bancorp
- First Horizon Bank
- Morgan Stanley

## Experience

Bruce Bailey, MAI, is the Senior Managing Director for the CBRE Valuation & Advisory Services Group. Mr. Bailey and his team of experienced and specialized appraisal professionals provide comprehensive valuations on complex real estate in an expeditious manner. Products and services offered extend beyond real property valuation and include market/feasibility studies, consulting services, site inspections and due diligence support.

Mr. Bailey's experience spans over 30 years in real estate valuation, appraisal management and appraisal review. His expertise includes numerous property types including commercial office, retail, multifamily, industrial, hotel, senior housing, and residential tract and mixed-use land developments. He brings significant experience in the areas of due diligence analysis for portfolio transactions, safety and soundness audits, credit analysis, national syndicated credits and bulk loan purchases.

Prior to joining CBRE, Mr. Bailey was Chief Appraiser for Bank United of Texas, where he developed and managed the appraisal program for this \$20 billion-dollar financial institution with a nationwide real estate lending program. Mr. Bailey also held senior appraisal positions with Wells Fargo Bank and independent appraisal positions in Houston, Texas.

## Professional Affiliations / Accreditations

- Appraisal Institute
  - Designated Member (MAI), Certificate No. 9646
  - Appraisal Institute's Ethics Committee, Former Member
  - State Bar of Texas Ethics Review Committee, Former Member
  - Risk Management Association (RMA), Former Member
- Certified General Real Estate Appraiser
  - State of Texas, No. 1321412-G
  - State of Louisiana, No. G2222
  - State of Kansas, No. G-2057
  - State of Missouri, No. 2004029145
  - State of Arkansas, No. CG2909N
  - State of Oklahoma, No. 1321412-G
  - Licensed Real Estate Broker, State of Texas, No. 035297

## Education

- Sam Houston State University, Huntsville, Texas, BFA
- Numerous Real Estate appraisal courses and seminars and all Appraisal Institute Continuing Education Requirements have been completed.
- Numerous Real Estate Brokerage course work and seminars and all Texas State Broker continuing education have been met.

DANIEL BRUCE BAILEY  
722 WEST 42ND STREET  
HOUSTON, TX 77018



## Certified General Real Estate Appraiser

Appraiser: **Daniel Bruce Bailey**

License #: **TX 1321412 G**

License Expires: **10/31/2023**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:  
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

**Chelsea Buchholtz**  
Commissioner

POPLABS 00291



SAMI RESENDEZ  
27146 GREY FOX RUN  
MAGNOLIA, TX 77354



## Appraiser Trainee

Trainee: **Sami Resendez**

Authorization #: **TX 1343382 Trainee**

Expires: **05/31/2024**

Review the list of the above Trainee's Supervisors on the License Holder Search at [www.talcb.texas.gov](http://www.talcb.texas.gov).

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at [www.talcb.texas.gov](http://www.talcb.texas.gov).

A blue ink signature of Chelsea Buchholtz, the Commissioner, is written over a faint circular seal of the State of Texas.

**Chelsea Buchholtz**  
Commissioner